As confidentially submitted to the Securities and Exchange Commission on June 3, 2021

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Xponential Fitness, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**7991**	**84-4395129**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

17877 Von Karman Ave, Suite 100
Irvine, CA, 92614
(949) 346-3000
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Anthony Geisler
Chief Executive Officer
Xponential Fitness, Inc.
17877 Von Karman Ave, Suite 100
Irvine, CA, 92614
(949) 346-3000
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

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Menlo Park, California	**New York, New York 10022**
(650) 752-2000	**(212) 906-1200**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price(1)(2)**	**Amount of Registration Fee**
Class A Common Stock, par value $0.0001 per share	$	$

(1) Includes shares of Class A common stock subject to the underwriters' option to purchase additional shares.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Subject to Completion
Preliminary Prospectus dated , 2021

PROSPECTUS

CLASS A COMMON STOCK

, , SHARES

This is Xponential Fitness, Inc.'s initial public offering. We are selling shares of our Class A common stock.

We expect the public offering price to be between $. and $. per share. Currently, no public market exists for the shares. We expect to apply to list the shares of our Class A common stock for trading on the under the symbol "XPOF." Upon the completion of this offering, we will have two classes of common stock. Each of our Class A common stock offered hereby and our Class B common stock will have one vote per share.

We will use a portion of the net proceeds from this offering to purchase membership interests ("LLC Units") of Xponential Intermediate Holdings, LLC ("Xponential Holdings LLC") from certain of the Continuing Pre-IPO LLC Members (as defined herein), and the remaining net proceeds to purchase newly issued membership units in Xponential Holdings LLC. No public market exists for the LLC Units. The purchase price for each LLC Unit will be equal to the initial public offering price of our Class A common stock after deducting underwriting discounts and commissions. We intend to cause Xponential Holdings LLC to use the net proceeds it receives from us in connection with this offering as described in "Use of Proceeds." Xponential Holdings LLC will not receive any proceeds from the sale of LLC Units by any of the Continuing Pre-IPO LLC Members to us.

We are an "emerging growth company" as defined under the federal securities laws and, as such, we have elected to comply with certain reduced reporting requirements for this prospectus and may elect to do so in future filings.

Following this offering, we will be a "controlled company" within the meaning of the corporate governance rules of . See "Organizational Structure" and "Management—Controlled Company."

Investing in our Class A common stock involves risks that are described in the "Risk Factors" section beginning on page 25 of this prospectus.

	PER SHARE	TOTAL
Public offering price	$	$
Underwriting discount(1)	$	$
Proceeds, before expenses, to us	$	$

(1) See "Underwriting" for additional information regarding underwriter compensation.

The underwriters may also exercise their option to purchase up to an additional shares of our Class A Common Stock from us at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2021.

BofA SECURITIES GOLDMAN SACHS & CO. LLC JEFFERIES

The date of this prospectus is , 2021.

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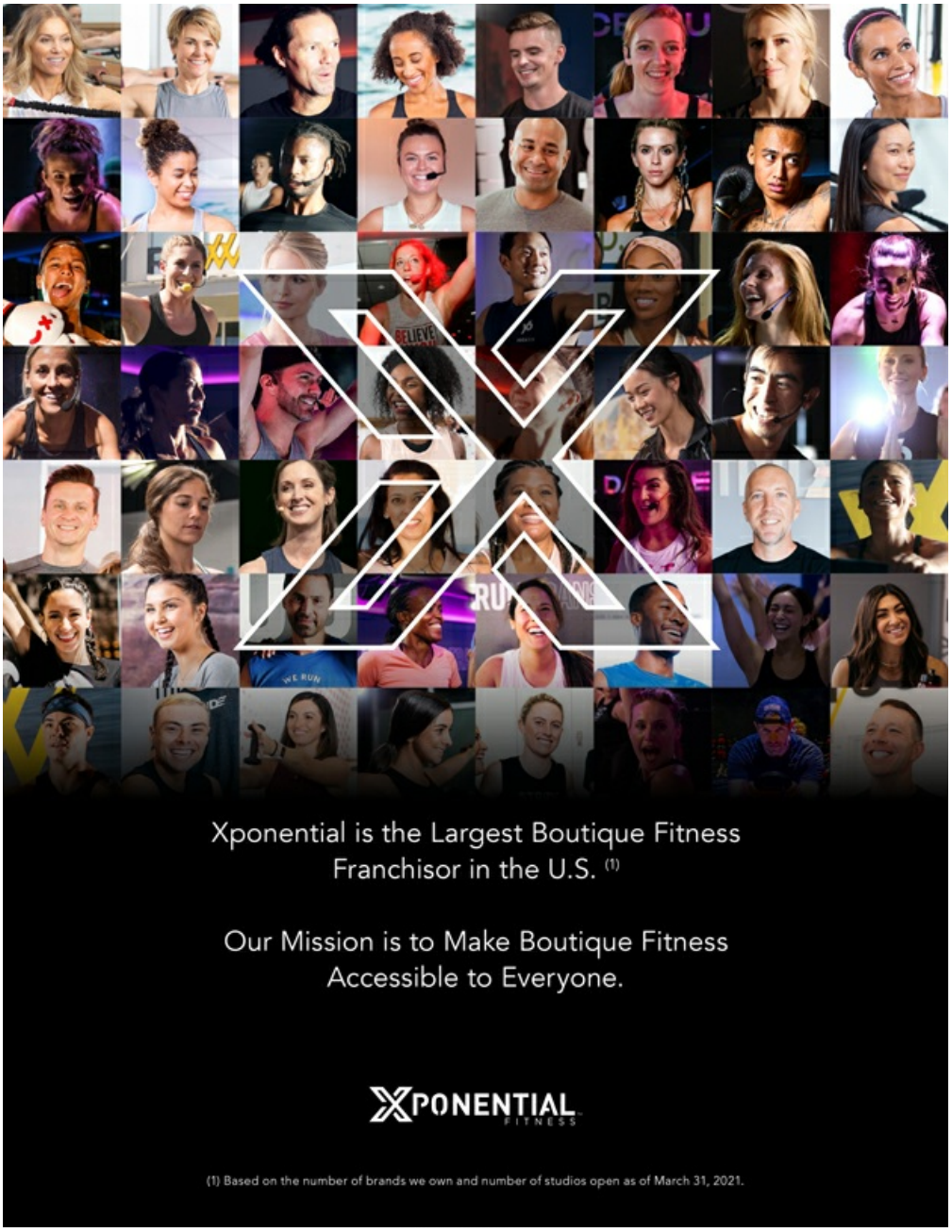

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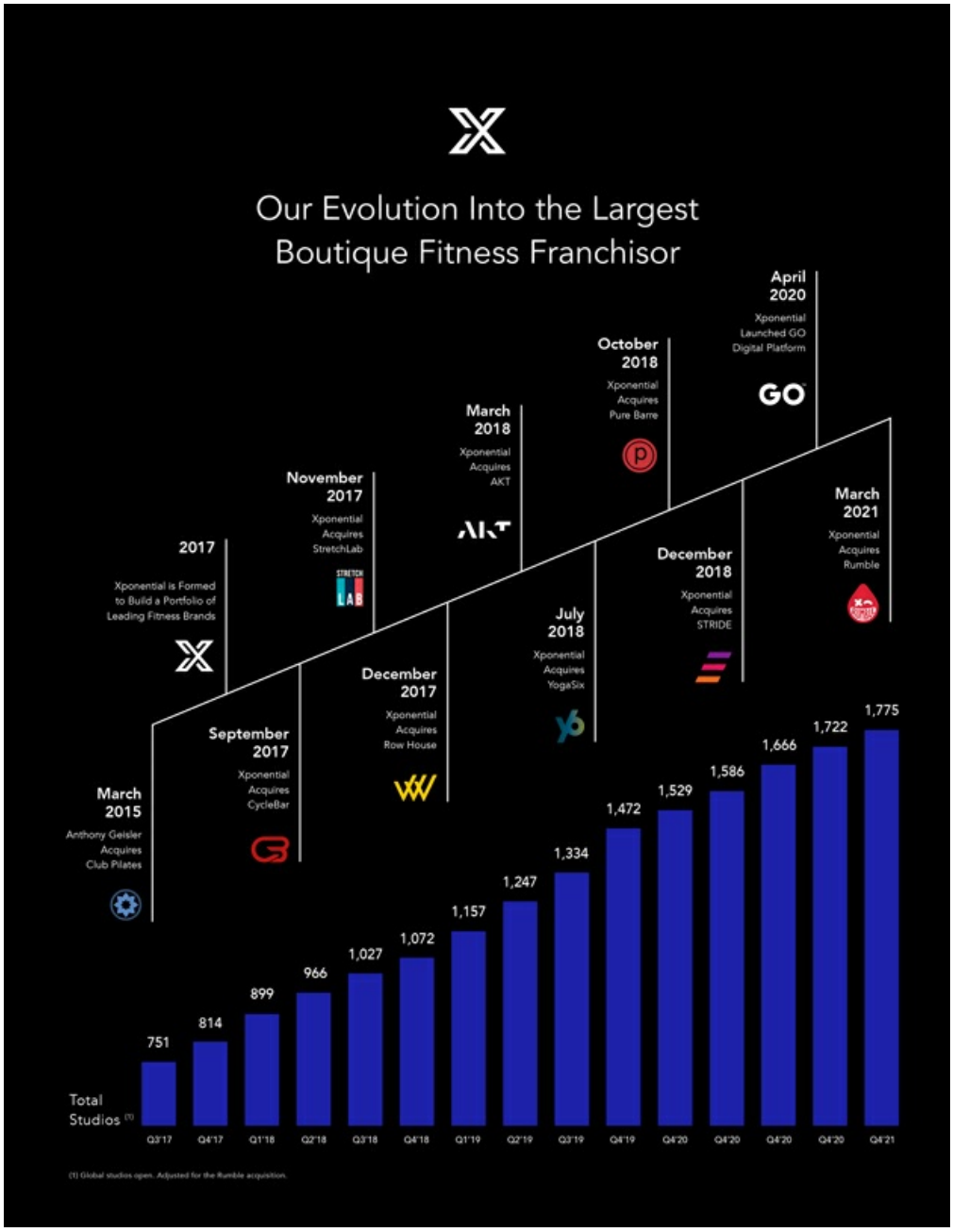

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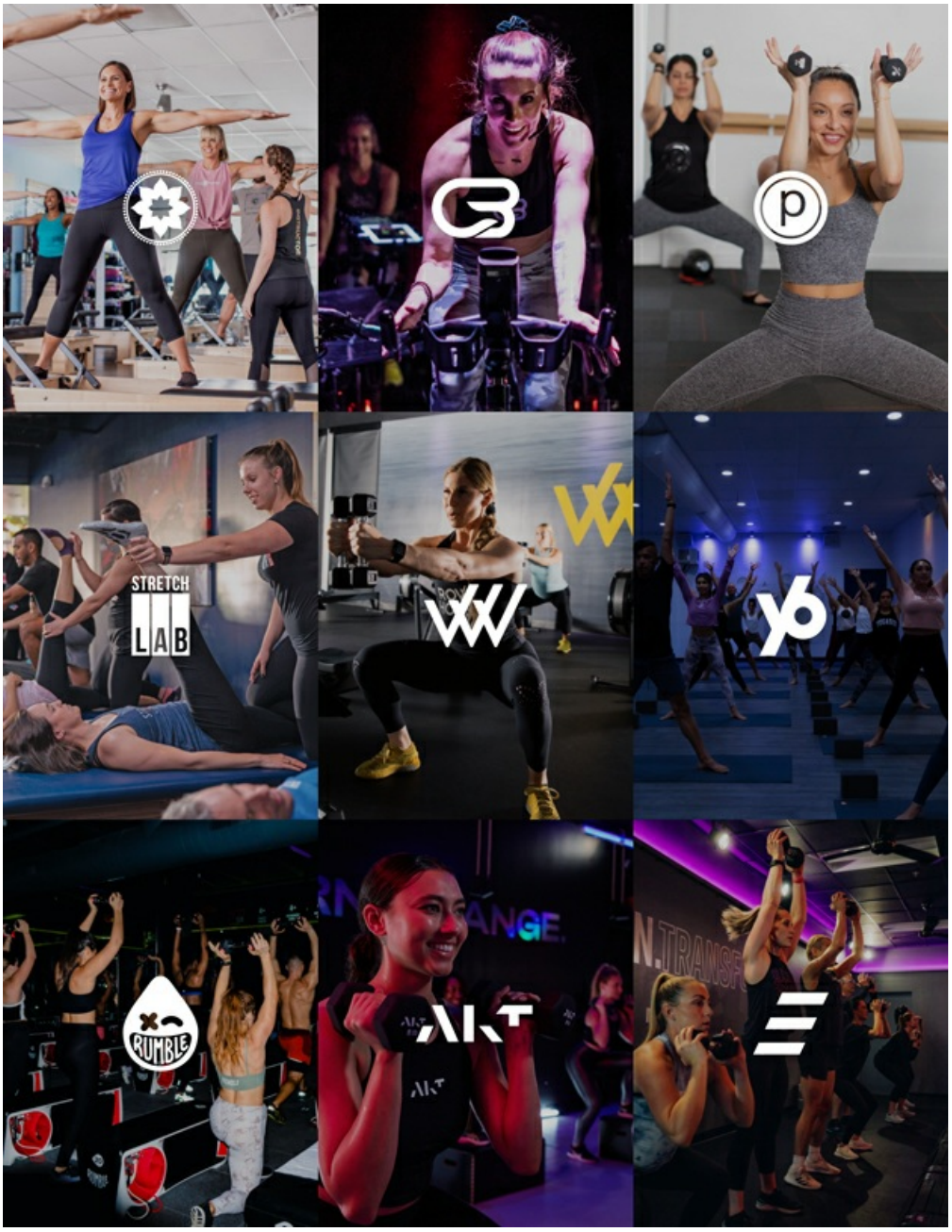

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Unless otherwise indicated or the context otherwise requires, all references in this prospectus to "we," "us," "our," the "company," "Xponential Fitness," "Xponential" and similar terms refer (i) for periods prior to giving effect to the Reorganization Transactions (as defined under "Organizational Structure—The Reorganization Transactions"), to Xponential Holdings LLC together with its consolidated subsidiaries and (ii) for periods beginning on the date of and after giving effect to the Reorganization Transactions, to Xponential Fitness, Inc. together with its consolidated subsidiaries, including Xponential Holdings LLC and Xponential Fitness LLC. Also, unless otherwise indicated or the context otherwise requires, all information in this prospectus gives effect to the Reorganization Transactions. We are a holding company and, upon the completion of this offering, we will hold substantially all of our assets and conduct substantially all of our business through Xponential Fitness LLC, a subsidiary of Xponential Holdings LLC.

We and the underwriters have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may provide you. We and the underwriters are offering to sell, and seeking offers to buy, shares of our Class A common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our Class A common stock. Our business, financial condition, results of operations and prospects may have changed since the date set forth on the cover page of this prospectus.

Until , 2021 (25 days after the commencement of this offering), all dealers that buy, sell or trade our Class A common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Market and Industry Data

This prospectus includes industry and market data that we obtained from periodic industry publications, third-party studies and surveys, filings of public companies in our industry, third-party analyses and internal company surveys. These sources include government and industry sources. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable. Although we believe the industry and market data to be reliable as of the date of this prospectus, this information could prove to be inaccurate. Industry and market data could be wrong because of the method by which sources obtained their data and because information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. In addition, we do not know all of the assumptions regarding general economic conditions or growth that were used in preparing the forecasts from the sources relied upon or cited herein.

The information contained in this prospectus concerning our industry and the market in which we operate, including our general expectations and market position, market opportunity and market size, is based on the information described above, on assumptions that we have made based on that data and similar sources, third-party analyses by Buxton Company and on our knowledge of the markets for our brands. This information involves a number of assumptions and limitations and is inherently imprecise and you are cautioned not to give undue weight to these estimates. In addition, the industry in which we operate, as well as the projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate, are subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors" and elsewhere in this prospectus, that could cause results to differ materially from those expressed in these publications and other sources.

We commissioned Frost & Sullivan to conduct an independent analysis to assess the total addressable market on the U.S. boutique fitness market. The estimates provided by Frost & Sullivan include the impact of the coronavirus ("COVID-19") pandemic.

Non-GAAP Financial Measures

This prospectus contains references to adjusted EBITDA, which is a financial measure not required by, or presented in accordance with, generally accepted accounting principles in the United States, ("GAAP"). We use adjusted EBITDA when planning, monitoring, and evaluating our performance. We believe that adjusted EBITDA is an appropriate measure of our operating performance because it eliminates the impact of expenses that we do not believe reflect our underlying business performance.

We believe that adjusted EBITDA, viewed in addition to, and not in lieu of, our reported GAAP results, provides useful information to investors regarding our performance and overall results of operations because it eliminates the impact of other items that we believe reduce the comparability of our underlying core business performance from period to period and is therefore useful to our investors in comparing the core performance of our business from period to period. In addition, other companies, including companies in our industry, may calculate adjusted EBITDA differently, which reduces its usefulness as a comparative measure. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for the definition of adjusted EBITDA and a reconciliation to net loss, the most directly comparable financial measure calculated in accordance with GAAP.

Basis of Presentation

Throughout this prospectus, we provide a number of key performance indicators used by management and typically used by our competitors in the franchise industry, including same store sales, system-wide sales and average unit volume ("AUV"). These are operating measures that include sales by franchisees that are not revenue realized by us in accordance with GAAP. While we do not record sales by franchisees as revenue and such sales are not included in our consolidated financial statements, we believe that these operating measures aid in understanding how we derive our royalty and marketing revenue and are important in evaluating our performance. Same store sales refers to period-over-period sales comparisons for the base of studios (which we define to include studios in North America that have been open for at least 13 calendar months as of the measurement date). System-wide sales represent gross sales by all studios globally, which includes sales by franchisees that are not revenue recognized by us in accordance with GAAP. While we do not record sales by franchisees as revenue, and such sales are not included in our consolidated financial statements, this operating metric relates to our revenue because our royalty and marketing revenue are calculated based on a percentage of franchised studio sales. AUV consists of the average sales for the trailing 12 calendar months for all studios in North America that have been open for at least 13 calendar months as of the measurement date. AUV is calculated by dividing sales during the applicable period for all studios being measured by the number of studios being measured. Quarterly run-rate AUV is calculated as the quarterly AUV multiplied by four, for North American studios that are at least 6 months old at the beginning of the respective quarter. Monthly run-rate AUV is calculated as the monthly AUV multiplied by twelve, for North American studios that are at least 6 months old at the beginning of the respective month. AUV and other key performance indicators are discussed in more detail in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Performance Indicators."

All key performance indicators, except Adjusted EBITDA, provided throughout this prospectus are presented on an adjusted basis to reflect historical information of brands we acquired in 2017, 2018 and 2021 and therefore include time periods during which certain of our brands were operated by our predecessors. We acquired Club Pilates and CycleBar in September 2017, Stretch Lab in November 2017, Row House in December 2017, AKT in March 2018, Yoga Six in July 2018, Pure Barre in October 2018, Stride in December 2018, and Rumble in March 2021.

References throughout this prospectus to comparisons to industry competitors are as of March 31, 2021.

References throughout this prospectus to "North America" refer to the United States and Canada and references to "international" refer to countries other than the United States and Canada.

References throughout this prospectus to the sale or selling of a license refer to the grant of a right to a third party to access our intellectual property and all other services that we provide under our franchise agreements.

References throughout this prospectus to the number of licenses sold in North America and globally reflect the cumulative number of licenses sold by us (or, outside of North America, by our master franchisees), since inception through the date indicated. Licenses contractually obligated to open refer to licenses sold net of terminations. Licenses contractually obligated to be sold internationally reflect the number of licenses that master franchisees are contractually obligated to sell to franchisees outside of North America under master franchise agreements.

References throughout this prospectus to an "open" studio refer to any studio that has conducted classes and is operational, although such studio may have temporarily suspended in-person classes for a period of time due to the COVID-19 pandemic.

PROSPECTUS SUMMARY

This summary highlights selected information that is presented in greater detail elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our Class A common stock. You should read this entire prospectus carefully, including "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes thereto included elsewhere in this prospectus, before deciding whether to invest in our Class A common stock.

Xponential Fitness, Inc.

Xponential Fitness is a curator of leading boutique fitness brands across multiple verticals. Our mission is to make highly specialized workouts in motivating, community-based environments accessible to everyone. We are the largest boutique fitness franchisor in the United States with over 1,750 studios operating across nine distinct brands. Our diversified portfolio of brands spans a variety of fitness and wellness verticals, including Pilates, barre, cycling, stretch, rowing, yoga, boxing, dance and running. By leveraging our network of over 1,400 franchisees, we are able to capitalize on popular and proven fitness modalities to rapidly and efficiently expand boutique fitness experiences globally. Collectively, our brands offer consumers engaging experiences that appeal to a broad range of ages, fitness levels and demographics. Across our brands system-wide, consumers completed nearly 20 million in-studio, live stream and virtual workouts in 2020. The foundation of our business is built on strong partnerships with franchisees. We provide franchisees with extensive support to help maximize the performance of their studios and enhance their return on investment. In turn, this partnership accelerates our growth and increases our profitability. We believe our unique combination of a scaled multi-brand offering, resilient franchise model with strong unit economics and integrated platform has enabled us to build our leading market position in the large and growing U.S. boutique fitness industry.

Our Market Leading Brand Portfolio

CLUB PILATES

- Largest Pilates brand, created with the vision to make Pilates more accessible, approachable and welcoming to everyone
- 633 studios

pure barre

- Largest barre brand; offers an effective, low-impact workout for all ages and fitness levels
- 589 studios

CYCLEBAR

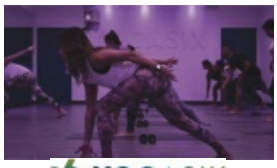
- Largest indoor cycling brand, offering an inclusive low-impact/high intensity indoor cycling experience for all ages and experience levels
- 226 studios

STRETCH LAB

- First to offer 1x1 assisted stretching classes
- Highly complementary with our other brands
- 109 studios

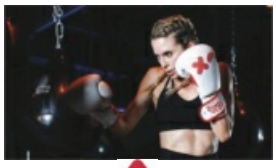
ROW HOUSE

- Largest rowing brand, offering full body/low impact workout which has revolutionized the way people view indoor rowing
- 87 studios

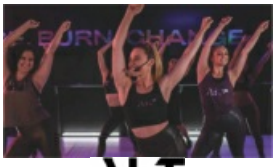


YOGASIX

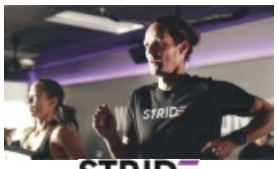
- Largest franchised yoga brand, dedicated to the evolution and modernization of yoga
- 93 studios



- Boxing-based concept offering a 10-round, high energy cardio workout split between boxing drills and resistance training
- 13 studios



- Dance-based cardio concept founded by celebrity trainer Anna Kaiser combining dance, intervals and strength training
- 20 studios



STRIDE

- Treadmill-based cardio and strength workout, offering coached interval running classes for all fitness levels
- 5 open studios

Note: Studio counts as of March 31, 2021.

We carefully built the Xponential Fitness brand portfolio through a series of acquisitions, targeting select health and wellness verticals. In curating our portfolio, we identified brands with exceptional programming and a loyal consumer base which we believed would benefit from our operational expertise, franchising experience and scaled platform. With over 245 years of collective industry experience, our management team and brand presidents are the driving force behind our operational excellence. We have established a proven operational model (the "Xponential Playbook") that helps franchisees generate compelling studio economics. This model has allowed us to provide extensive support to franchisees during the COVID-19 pandemic. The key pillars of our Xponential Playbook include:

- *optimizing the studio prototype and investment cost;*

- *thoroughly vetting franchisee candidates;*
- *real estate identification, site selection, studio build-out and design assistance;*
- *comprehensive pre-opening support, including membership sales, marketing support, employee training and programming development;*
- *detailed studio-level operational framework and best practices;*
- *intensive instructor and studio-level management training;*
- *our robust digital platform offerings that allow franchisees to generate incremental revenue;*
- *data-driven analytical tools to support marketing strategies, member acquisition and retention;*
- *sophisticated technology systems, including uniform point-of-sale and reporting systems, to drive studio-level performance;*
- *centralized model capable of providing resources to franchisees in the event of exceptional crises, such as the COVID-19 pandemic; and*
- *ongoing monitoring and support to promote success.*

The Xponential Playbook is designed to help franchisees achieve compelling AUVs, strong operating margins and an attractive return on their invested capital. Studios are generally designed to be between 1,000 and 2,500 square feet in size, depending on the brand. The smaller box format contributed to a relatively low average initial franchisee investment of approximately $350,000 in 2019 and 2020. By utilizing the Xponential Playbook, our model is generally designed to generate, on average, an AUV of $500,000 in year two of operations and studio-level operating margins ranging between 25% and 30%, resulting in an unlevered cash-on-cash return of approximately 40%.

We believe our integrated platform, which supports our nine brands, is a unique competitive advantage in the boutique fitness industry and enables us to accelerate growth and enhance operating margins. Our multi-brand offering results in higher franchisee lead flow and conversion, which lowers franchisee acquisition costs. Existing franchisees also serve as an embedded pipeline for continued expansion across our brands. As a result of our scale, we benefit from greater access to real estate and favorable vendor relationships. Additionally, we leverage shared corporate services across franchise sales, real estate, supply chain, merchandising, information technology, finance, accounting and legal. As an integrated platform, we utilize technology to provide improved functionality, drive efficiency and access compelling data across our brands. Our robust digital library, with content spanning all of our brands, is an important example of our ability to utilize our integrated platform to enhance our individual brand offerings and member retention. We also benefit from knowledge sharing and best practices across the portfolio. We believe that we are in the early stages of unlocking the power of our platform and driving long-term growth.

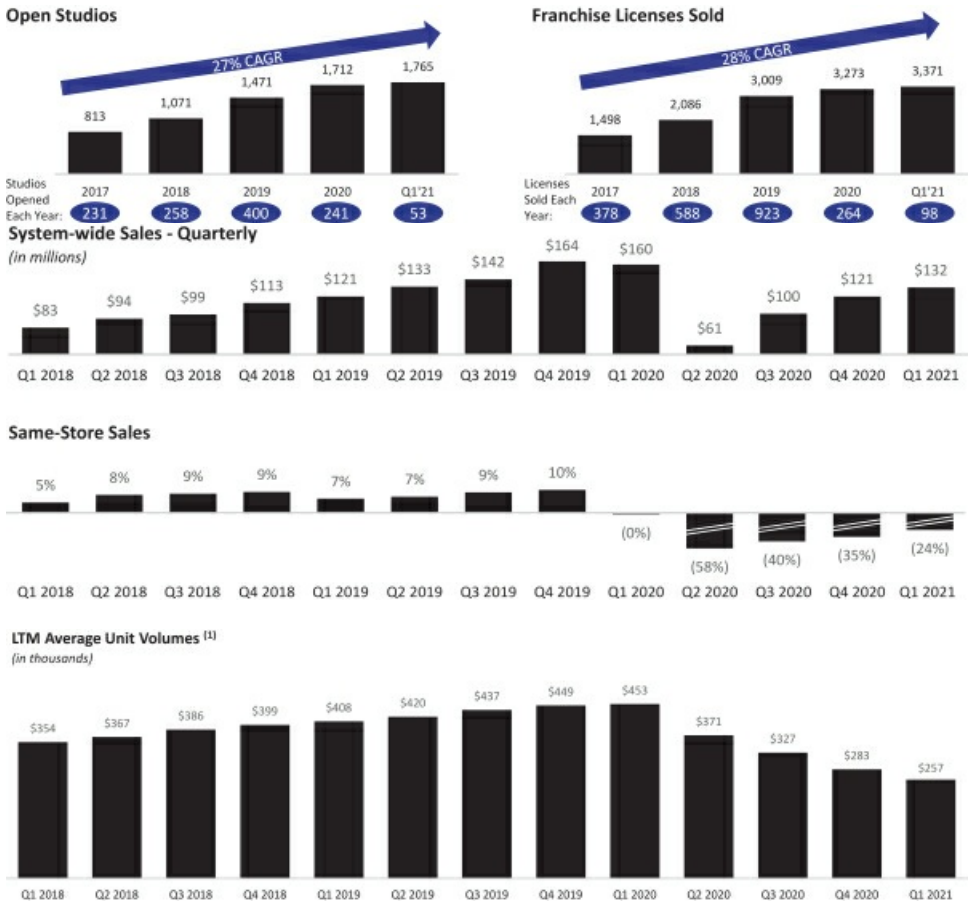
As a franchisor, we benefit from multiple highly predictable and recurring revenue streams that enable us to scale our franchised studio base in a capital efficient manner. As of March 31, 2021, franchisees were contractually committed to open an additional 1,391 studios in North America. Converting our current pipeline of licenses sold to open studios in North America would nearly double our existing franchised studio base. Based on our internal and third-party analyses by Buxton Company, we estimate that franchisees could have a total of over 6,200 studios (which does not include Rumble) in the United States alone. In addition, we had ten studios operating in four countries internationally and master franchisees were contractually obligated to sell licenses to franchisees to open an additional 693 studios in nine countries as of March 31, 2021.

Highlights of our platform's recent financial results and growth include:

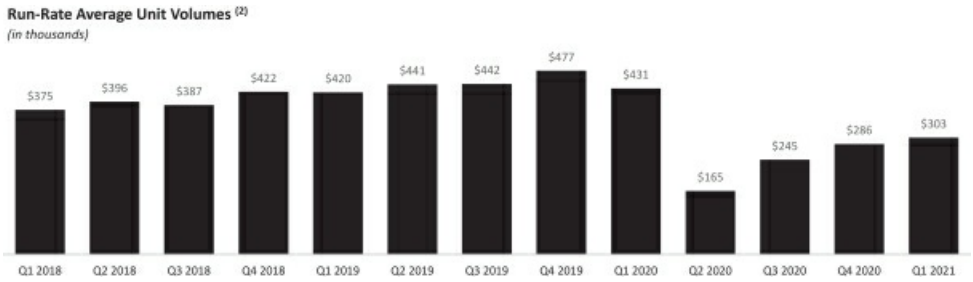
- increased the number of open studios in North America from 813 as of December 31, 2017 to 1,712 as of December 31, 2020, representing a compound annual growth rate ("CAGR") of 28% and increased the number of open studios in North America from 1,527 as of March 31, 2020 to 1,765 as of March 31, 2021;
- increased cumulative North American franchise licenses sold from 1,498 as of December 31, 2017 to 3,273 as of December 31, 2020, representing a CAGR of 30%, and increased North American franchise licenses sold to 3,371 as of March 31, 2021. As of March 31, 2021, franchisees were contractually obligated to open a further 1,391 studios in North America. In addition, as of March 31, 2021, we had ten studios open internationally and master franchisees were contractually obligated to sell licenses to franchisees to open an additional 693 studios in nine countries;
- generated system-wide sales of $560 million and $442 million in 2019 and 2020, respectively, and $160 million and $132 million for the three months ended March 31, 2020 and 2021, respectively;
- generated average quarterly same store sales growth of 7% over the nine quarters ended March 31, 2020 and experienced a decline of 14% over the nine quarters ended March 31, 2021;
- experienced a decline in same store sales of 34% for the year ended December 31, 2020, and 0% and 24% for the three months ended March 31, 2020 and 2021, respectively, which reflects the impacts of the COVID-19 pandemic on studios;
- generated AUV of $449 million and $283 million in 2019 and 2020, respectively, and $453 million and $257 million for the three months ended March 31, 2020 and 2021, respectively; and
- generated a net loss of $37 million and $14 million in 2019 and 2020, respectively, and $2 million and $5 million for the three months ended March 31, 2020 and 2021, respectively.

All metrics above are presented on an adjusted basis to reflect historical information of the brands we acquired and therefore includes time periods during which certain of the brands were operated by our predecessors. We acquired Club Pilates and CycleBar in September 2017, Stretch Lab in November 2017, Row House in December 2017, AKT in March 2018, Yoga Six in July 2018, Pure Barre in October 2018, Stride in December 2018 and Rumble in March 2021.

As a result of the COVID-19 pandemic, our results of operations and the businesses of our franchisees were adversely affected beginning in March 2020 continuing through the remainder of 2020. The adverse effects of the COVID-19 pandemic have gradually begun to decrease in 2021 and have materially decreased in the second quarter of 2021 as vaccination rates in the United States have increased substantially and restrictions on indoor fitness classes have greatly decreased or been eliminated in most states. We believe that consumers will continue to return to boutique fitness at increasing levels in the second half of 2021 as recreational activity begins to return to more customary levels, and fitness activities begin to break from the solitary home fitness solutions that many consumers adopted during the COVID-19 pandemic.



(1) Represents LTM AUVs for North American studios open for 13+ months and adjusted for the Rumble acquisition.



(2) Represents run-rate AUVs for North American studios open for at least six months and adjusted for the Rumble acquisition. We calculate run-rate AUV as quarterly AUV multiplied by four, for studios that are at least six months old at the beginning of the respective quarter.

Note: The above data is presented for North America on an adjusted basis to reflect historical information of the brands we acquired and therefore includes time periods during which certain of the brands were operated by our predecessors. The franchise licenses sold chart reflects the cumulative number of licenses sold as of the period end. We acquired Club Pilates and CycleBar in September 2017, Stretch Lab in November 2017, Row House in December 2017, AKT in March 2018, Yoga Six in July 2018, Pure Barre in October 2018, Stride in December 2018, and Rumble in March 2021.

Our Industry

We operate in the large and growing boutique fitness segment of the broader health and fitness club industry. According to the International Health, Racquet & Sportsclub Association ("IHRSA"), the estimated size of the global health and fitness club industry was $96.7 billion in 2019, with more than 205,000 clubs serving over 184 million members. Prior to the COVID-19 pandemic, the U.S. health and fitness club industry experienced annual growth for more than 21 consecutive years. Since 2004, the industry had grown at a 6% CAGR, from approximately $14.8 billion in 2004 to approximately $35.0 billion in 2019.

Impact of the COVID-19 Pandemic and Expected Recovery.

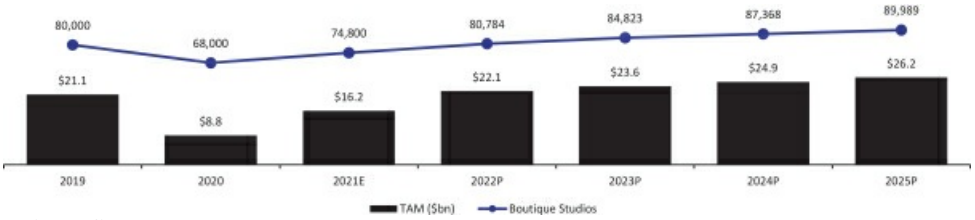
The health and fitness club industry contracted in 2020 as a result of the COVID-19 pandemic and related state and local government-mandated club and studio closures. While these restrictions had an adverse effect on the industry in 2020, we expect that the industry will recover as a result of growing consumer interest in health and wellness post-pandemic. According to IHRSA, as of the end of October 2020, more than 85% of fitness club users indicated their exercise regimen has changed over the past several months, with 50% reporting dissatisfaction with the new routines, stating that it is "less consistent," "less challenging" and/or "simply worse." Ninety-four percent of consumers say they will return to the gym in some capacity, 95% of consumers reported they miss at least one aspect of physically being at their gym, and 68% of consumers are prioritizing their health more now than prior to the COVID-19 pandemic. According to Kentley Insights projections published in January 2021, the U.S. health and fitness club industry revenue is expected to recover to $34.1 billion in revenue in 2021, and grow at a 5% CAGR thereafter to $41.3 billion in revenue by 2025.

We believe that we are well-positioned to address these shifts in consumer behavior and that industry growth will be driven by the following tailwinds:

- increased awareness of active lifestyles and the health benefits of exercise;
- increased fitness participation, particularly amongst Millennials and Generation Z (who accounted for approximately 50% of all health and fitness club membership in 2019); and
- increased levels of stress stemming from the COVID-19 pandemic and a desire to elevate mood through exercise and participation in a fitness community.

Boutique Fitness Expected to Recover by 2022 and Grow Faster Than the Broader Fitness Club Industry.

Boutique fitness is built around a social, supportive community of coaches, trainers and consumers helping each other achieve their fitness goals. A boutique fitness workout typically offers more customized programming and a more intensive experience complemented by increased levels of personal attention and guidance relative to a traditional health and fitness club. Between 2015 and 2019, boutique studio memberships increased 29%, outpacing memberships in the overall health and fitness club industry, which increased by 15%. An estimated 42% of health and fitness club consumers in the U.S. reported having a boutique fitness membership in 2018, up from 21% in 2013. We commissioned Frost & Sullivan to conduct an independent analysis to assess the total addressable market on the U.S. boutique fitness market. According to this analysis, the total market opportunity was $21.1 billion in 2019 and is expected to recover to $22.1 billion by 2022. The industry is expected to grow at a 24.5% CAGR, from $8.8 billion in 2020 to $26.2 billion by 2025.



Highly Attractive Boutique Fitness Consumer.

We believe boutique fitness consumers represent a highly attractive and loyal consumer group. While the industry appeals to a broad demographic, the Millennial consumer over-indexes to boutique fitness, and approximately 60% of boutique fitness consumers are between the ages of 25 and 44. On average, a boutique fitness studio member spent $90 per month, compared to $51 per month for the average health and fitness club consumer, in 2019. Not only do boutique fitness studio consumers spend more per month than any other category of fitness, they are also some of the most engaged consumers. 65% of boutique fitness consumers reported engagement with multiple boutique fitness facilities and 22% reported engagement with at least three boutique fitness facilities in 2018. On average, boutique fitness consumers used their facility 107 times in 2018, with 34% of consumers reporting usages of 150 times or more, which represented the highest percentage of any fitness industry segment.

Resiliency of the Xponential Franchise System and Opportunity to Increase Market Share.

We believe the combination of our scaled multi-brand offering, loyal and engaged consumer base and strong franchisee relationships has enabled us to successfully navigate the COVID-19 pandemic and will allow us to continue to take market share from our competitors. During 2020, we continued to sell licenses and open new studios. As of May 31, 2021, the membership levels of our franchisees recovered to approximately % of actively paying members relative to January 31, 2020 membership levels and membership visits were at % relative to January 31, 2020. As of May 31, 2021, run-rate AUVs recovered to approximately % of January 31, 2020 levels. Although the headwinds generated by the COVID-19 pandemic impacted the broader health and fitness club industry, some of our competitors were impacted to a greater degree, resulting in permanent studio closures and bankruptcies. IHRSA estimates that 19% of boutique fitness studios that shut down during the COVID-19 pandemic will remain permanently closed. As the largest franchisor in the boutique fitness industry with a demonstrated track record of resiliency, we believe that we are well-positioned to increase our market share as we move into the post-pandemic period.

Our Competitive Strengths

Diversified portfolio of leading boutique fitness brands.

Our portfolio of nine diversified brands spans a variety of popular fitness and wellness verticals including Pilates, barre, cycling, stretch, rowing, yoga, boxing, dance and running. We believe that our diversification represents a significant competitive advantage in a fragmented market comprised primarily of single-brand companies focused on an individual fitness or wellness vertical. The complementary nature of our brands allows our franchised studios to be located in close proximity to one another, providing variety and convenience to both consumers and franchisees. Our brands appeal to a broad range of consumers across ages, fitness levels and demographics and are positioned at an accessible price point. The strength of our brands is highlighted by the numerous accolades they have received, with six brands (Club Pilates, Pure Barre, CycleBar, Row House, Stretch Lab and Yoga Six) each being listed among Entrepreneur's 2021 Franchise 500 rankings. We believe that our diversified brand offering expands our total addressable market and translates into increased use occasions for consumers, driving increased share of wallet and enhancing consumer lifetime value across our portfolio.

Market leading position with significant nationwide scale.

We are the largest boutique fitness franchisor in the United States with over 1,750 studios operating across nine brands. Our three largest brands have leading market share positions within their respective verticals. These brands, Club Pilates, Pure Barre and CycleBar, were approximately nine, four and two times larger than their next largest competitors, respectively, as of March 31, 2021. As the leaders in these verticals, and as one of few players of scale, we believe that we occupy an advantageous position in an otherwise highly fragmented boutique fitness market.

We are able to leverage the popularity and reputation of existing Xponential studios to support both new studio sales to franchisees and to support franchisees' ability to attract new customers to their studios. We believe that the continued expansion of the Xponential platform creates a network effect that reinforces our competitive position, making us increasingly attractive to potential franchisees and making studios increasingly popular with boutique fitness consumers. In conjunction with our scale, we have been able to achieve broad geographic diversification across the United States with studios in 48 states and the District of Columbia as of March 31, 2021. Our geographic reach represents a material competitive advantage, as we have demonstrated success across various markets and we are able to remain competitive nationally when extraordinary events heavily impact specific markets. According to Buxton Company, over 60% of the U.S. population (excluding Alaska and Hawaii) lives within 10 miles of an Xponential studio location. With 2020 system-wide sales of $442 million, we have penetrated only 5% of the U.S. boutique fitness market, and we believe that we are well-positioned to continue our growth.

Passionate, growing and loyal consumer base.

Our franchised studios provide differentiated and accessible boutique fitness experiences that are fun, energetic and deliver a strong sense of community, engendering loyalty and engagement with consumers. Across our brands system-wide, consumers completed nearly 20 million in-studio, live stream and virtual workouts in 2020. As of May 31, 2021, our franchisees recovered to approximately % of actively paying members relative to January 31, 2020 membership levels. As of May 31, 2021, run-rate AUVs recovered to approximately % of January 31, 2020 levels. We believe that we were able to deepen our consumer loyalty during the COVID-19 pandemic through our robust digital platform offering, as well as the personal efforts of exceptional franchisees to strengthen their studio communities. Our digital platform had a total of subscribers and offered digital workouts in our library with over unique class types as of May 31, 2021. Almost % of class bookings were done through the XPO app in the 90 days ending May 31, 2021. Our brands serve a broad demographic; our

consumer skews female and is typically between the ages of 20 and 60 years old, holds at least a bachelor's degree and reports household income greater than $75,000 per year. As of May 31, 2021, studios had over members, of which approximately were actively paying members on recurring membership packages. In addition, we continually seek ways to further heighten the Xponential consumer experience. For example, we launched a partnership with Apple in March 2021 that features Apple Watch integration across all of our popular fitness and wellness verticals and is designed to increase consumer engagement and retention across our franchised studios. Our franchised studios foster consumer engagement, personal accountability to achieve fitness goals and a strong sense of community, which drive repeat visits and maximize consumer lifetime value.

Xponential Playbook supports system-wide operational excellence.

We strategically partner with franchisees who have been vetted by a thorough selection process. Through the Xponential Playbook, we provide franchisees with significant support from the outset, focused on delivering a superior experience and maximizing studio-level productivity and profitability. Franchisees also benefit from the significant investments we have made in our corporate platform, through which we leverage integrated systems and shared services. While marketing and fitness programming are specific to each brand, nearly all other franchisee support functions are integrated across brands at the corporate level, and franchisees are guided through the key pillars of successful studio operations. We believe the relationships we maintain with franchisees drive tangible results for consumers: well-managed boutique fitness studios; access to technology capabilities; retention of highly qualified instructors; and a consistent, community-based experience across brands and geographies. We believe the extensive level of support we provide to franchisees is a key driver of system-wide operational excellence.

Asset-light franchise model and predictable revenue streams.

We believe our asset-light franchise model drives faster system-wide unit growth, compared to a similarly capitalized corporate-owned model. As a franchisor, we have multiple highly predictable revenue streams and low ongoing capital requirements. Upon the granting of access to a license, we receive a one-time, non-refundable upfront payment from franchisees for the right to open a studio in a specific territory. This is followed by a series of contractual payments once a studio is open, many of which are recurring, including royalty fees, technology fees, merchandise sales, marketing fees and instructor and management training revenues. Approximately 67% of our revenue in 2019 and 73% of our revenue in 2020 was considered recurring, and we believe this percentage will increase as franchise royalty fees are expected to account for a greater percentage of our revenue over time.

Highly attractive and predictable studio-level economics.

The Xponential Playbook is designed to help franchisees achieve compelling AUVs, strong operating margins and an attractive return on their invested capital. Studios are generally designed to be between 1,000 and 2,500 square feet in size, depending on the brand, which contributed to a relatively low average initial franchisee investment of approximately $350,000 in 2019 and 2020. Our model is generally designed to generate, on average under normal conditions, an AUV of $500,000 in year two of operations and studio-level operating margins ranging between 25% and 30%, resulting in an unlevered cash-on-cash return of approximately 40%. A studio reaches "base maturity" when it has annualized monthly revenues in the $400,000 to $600,000 AUV range. Using our model, we expect this to typically occur 6-12 months after studio opening. We believe that studios typically have opportunity to continue growing and maturing beyond that point, however. We believe the continued growth of the franchisee system reflects the attractiveness of our unit economic model. In 2019, 375 new franchisees joined our system, representing a 76% increase year-over-year. In 2020, we were able to attract 131 new franchisees in North America despite the material challenges faced by the overall fitness industry. Additionally, franchisees frequently re-invest into our system, as 39% of new studios in 2019 and 36% of new studios in 2020 were opened by existing franchisees. We believe our strong studio-level economics have contributed to our growth.

Large and expanding franchisee base with visible organic growth.

Our large number of existing licenses sold represents an embedded pipeline to support the continued growth of our business. As of December 31, 2020, we had 3,273 franchise licenses sold in North America, compared to 2,086 franchise licenses sold as of December 31, 2018 on an adjusted basis to reflect historical information of the brands we have acquired. As of March 31, 2021, we had 3,371 cumulative franchise licenses sold and licenses for 1,391 studios in North America contractually obligated to be opened under existing franchise agreements. The franchisee network in North America has grown rapidly from 984 franchisees as of December 31, 2018 to 1,420 franchisees as of December 31, 2020, representing a CAGR of 20%. As of March 31, 2021, we had 1,442 franchisees in North America. Franchisees in North America are contractually obligated to open studios in their territories after purchasing a franchise license. In the event that franchisees are unable to meet their contractual obligations, we have the ability to resell or reassign their territory license(s) to another franchisee in the system or our franchisee pipeline. Based on our experience as a franchisor, we believe that a significant majority of our licenses sold will convert into operating studios. Accordingly, we have the potential to substantially increase our North American studio base through our existing licenses sold, providing us with highly visible unit growth and further increasing our already significant scale within the boutique fitness industry.

Proven and experienced management team with an entrepreneurial culture.

Our strategic vision and entrepreneurial culture are driven by our highly experienced management team, led by our Chief Executive Officer and founder, Anthony Geisler. Mr. Geisler has direct experience scaling franchised fitness brands, having previously served as the Chief Executive Officer of LA Boxing, and has worked with many members of our leadership team for several years. Our Brand Presidents are key members of our leadership team and act as the driving force behind their respective brands. Collectively, our management team fosters an entrepreneurial culture and mentality that resonate with franchisees. The strength of our management team is illustrated by the growth of the business and the recent honors that we and our brands have received, six brands (Club Pilates, Pure Barre, CycleBar, Row House, Stretch Lab and Yoga Six) each being listed among Entrepreneur's 2021 Franchise 500 rankings. Our leadership team has significant experience scaling franchised fitness brands and has created a culture designed to enable our future success.

Our Growth Strategies

We believe we are well-positioned to capitalize on multiple opportunities to drive the long-term growth of our business:

Grow our franchised studio base across all brands in North America.

We have the opportunity to meaningfully expand our franchised studio footprint in North America by leveraging our multiple brands and verticals, as well as our proven portability across regions and demographics.

We have grown our franchised studio footprint in North America from 813 open studios across 47 U.S. states, the District of Columbia and Canada as of December 31, 2017 to 1,712 open studios across 48 U.S. states, the District of Columbia and Canada as of December 31, 2020, on an adjusted basis to reflect historical information of the brands we have acquired representing a CAGR of 28%. As of March 31, 2021, franchisees had 1,765 open studios in North America on an adjusted basis to reflect historical information of the brands we have acquired. Our track-record of successful expansion demonstrates that the experience and value offered by our brands resonate with consumers across geographies, including urban and suburban markets, ages and income levels. Our small box format and multi-brand model have enabled us to scale rapidly, as franchisees have the ability to open studios from multiple brands adjacent or in close proximity to each other, creating cross-selling opportunities and providing consumers with greater optionality. As we scale, we expect to attract multi-studio franchisees to help us accelerate our pace of growth. Based on our internal and third-party analyses by Buxton

Company, we believe that franchisees could have a total of over 6,200 studios (which does not include Rumble) in the United States alone. This estimate represents the number of potential studio locations in the United States that exists in 2021 based on the criteria we consider for franchise license locations, such as customer profiles, trade area analyses and brand performance. Franchisees provide the capital to open each studio location and we provide ongoing support.

Drive system-wide same store sales and grow AUV.

We believe we can help franchisees grow same store sales and AUVs by acquiring new consumers, increasing membership penetration, driving increased spend from consumers and expanding ancillary revenue streams through our franchised studios.

- *Acquiring new consumers:* We expect to grow our consumer reach through a variety of targeted marketing campaigns at both the brand and franchisee levels in order to increase brand awareness and drive studio traffic.

- *Increasing membership penetration:* We expect franchisees to convert new and occasional consumers into committed, long-term members by delivering consistent, effective workout experiences across our franchised studios. We intend to continue to utilize insights from our consumer management dashboard to refine our sales strategy and offer a variety of flexible membership options to attract consumers at different engagement levels and price points, including our existing four, eight and unlimited classes per month recurring membership options.

- *Driving increased spend from consumers:* We expect to increase spend from consumers by utilizing dynamic pricing tiers across markets and brands, up-tiering memberships, cross-selling memberships across our brands, driving further digital penetration and enhancing our membership engagement. We work closely with franchisees to optimize membership offerings based on local consumer demand, demographics and other market factors in order to maximize our share of wallet.

- *Utilize XPASS to enhance consumer experience and engagement while more effectively cross-selling across our brands: We are in the process of developing and implementing* XPASS, a membership option that will offer our consumers access to all brands across the Xponential portfolio under a single monthly membership. XPASS is currently undergoing a trial period in three markets, allowing us to receive real-time feedback from consumers about their experience with the digital application. We believe that XPASS will enable us to attract and retain consumers that are seeking greater variety in their boutique workouts and that we will be able to leverage XPASS to introduce consumers to new brands and verticals within our platform.

- *Attract and retain consumers through our digital platform:* We believe there is an opportunity to further capitalize on growing consumer demand for digital and at-home fitness solutions by enhancing system-wide capabilities that complement our in-studio offerings. Our digital platform consists of a library of branded content that we make available to our consumers across our online and mobile platforms for a monthly fee. In addition to increasing engagement and retention with our existing in-studio members, our digital platform enables us and franchisees to reach new consumers and generate incremental revenues without increasing overhead costs. This enables our brands to deliver high-quality fitness content and maintain strong levels of member engagement, even when studios are closed.

- *Expanding additional revenue streams within our franchised studios:*We believe we have the opportunity to increase consumer spending at our franchised studios by expanding our offering of branded and third-party retail products across apparel and other health and wellness categories.

During government-mandated studio closures due to the COVID-19 pandemic, franchisees were able to generate revenue in part through retail sales, including the sale of at-home fitness equipment such as exercise balls and weights. We expect that franchisees will be able to continue to leverage this revenue stream in the future as some consumers may continue to make at-home fitness a complementary component of their health and wellness regimens.

Expand operating margins.

We have built our franchised boutique fitness platform across verticals through a series of acquisitions, investments in our brands, corporate infrastructure and leadership team. We expect to realize improved operating leverage and increase operating margins over time as we continue to expand our franchised studio base and leverage our shared services and platform. Our business model provides us with highly predictable and recurring revenue streams, attractive margins and minimal capital requirements, resulting in the ability to invest in future growth initiatives.

Grow our brands and studio footprint internationally.

We believe there is significant opportunity for further international growth in the $97 billion global health and fitness club industry, underscored by our track-record of successful expansion across a diverse array of North American markets and our recent expansion into multiple international markets.

We are focused on expanding into territories with attractive demographics, including household income, level of education and fitness participation. We have developed strong relationships and executed master franchise agreements with master franchisees to propel our international growth. These master franchise agreements obligate master franchisees to arrange the sale of licenses to franchisees in one or more countries outside North America. As of March 31, 2021, we had ten studios open internationally across Saudi Arabia, Japan, Australia and South Korea, and master franchisees were contractually obligated to sell licenses to franchisees to open an additional 693 studios in nine countries, of which 60 must be sold by the end of 2021.

COVID-19 Related Developments

In March 2020, the World Health Organization declared COVID-19 to be a global pandemic. By mid-March, the spread of COVID-19 significantly impacted the global economy as federal, state, local and foreign governments mandated stay-at-home orders, encouraged social distancing measures and implemented travel restrictions and prohibitions on non-essential activities and businesses. In an effort to limit the spread of COVID-19, comply with public health guidelines and protect franchisees and their consumers, franchisees temporarily closed nearly all Xponential studios, and we temporarily closed our corporate headquarters.

The COVID-19 pandemic has significantly impacted our ability to generate revenue. A substantial portion of our revenue is derived from royalty fees and other fees and commissions generated from activities associated with franchisees and equipment sales to franchisees. These revenue streams were affected by the decline in system-wide sales as almost all studios were temporarily closed intermittently beginning in mid-March and throughout 2020 and early 2021, and new studio openings were delayed. We are reliant on the performance of franchisees in successfully operating their studios and paying royalties to us on a timely basis. Disruptions in franchisees' operations for a significant amount of time due to studio closures or the COVID-19 pandemic related social distancing, or other movement restricting policies put in place in an effort to slow the spread of COVID-19, have adversely impacted and will likely continue to adversely impact royalty payments from franchisees, or result in our providing payment relief or other forms of support to franchisees, and may materially adversely affect our business, results of operations, cash flows and financial condition.

Despite the fact that studios were closed, franchisees maintained strong member loyalty and experienced low cancellation rates, with many members maintaining actively paying accounts or putting their memberships "on hold." Members who did not pay membership dues while "on hold" kept their agreements and maintained the ability to reactivate when studios reopened, mitigating high member cancellation rates. While studios were closed, we continued to generate revenue from franchise license and royalty payments as customers engaged with our digital platform services and purchased additional products. We also took action to reduce non-essential selling, general and administrative expenses. As of March 31, 2021, substantially all of our franchised studios had resumed operations. Additionally, we have continued opening studios and selling licenses throughout the COVID-19 pandemic. From March 31, 2020 through March 31, 2021, franchisees have opened 246 studios.

The adverse effects of the COVID-19 pandemic have gradually begun to decrease in 2021. In the second quarter of 2021 in particular, as vaccination rates have increased substantially in the United States and restrictions on indoor fitness classes in most states have either been reduced or eliminated, franchisees' membership visits have increased. As of May 31, 2021, our franchisees recovered to approximately % of actively paying members relative to January 31, 2020 membership levels and membership visits were at % relative to January 31, 2020. As of May 31, 2021, run-rate AUVs recovered to approximately % of January 31, 2020 levels.

During this time, we took significant action to support franchisees. We advised franchisees about opportunities that may be available to them under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and provided guidance to facilitate negotiations with landlords and vendors to support their efforts to manage operating expenses. We also temporarily reduced the amount we collected from franchisees for our brand marketing funds. In addition, we provided franchisees with guidelines throughout the re-opening process to help them adapt their studio operations to new public health guidelines and safety standards. Our franchisee re-opening plan includes recommended instructions on:

- implementing social distancing measures through reductions in class sizes and equipment repositioning;
- increasing the number of classes offered and changing scheduling to allow for additional deep cleaning between classes and provide additional schedule flexibility for consumers;
- heightening sanitization and cleaning procedures, including through the use of medical-grade disinfectant, increased focus on high touch areas, usage of personal protective gear and contactless check-in; and
- leveraging ancillary revenue streams, including at home offerings (including our digital platform and virtual events) and merchandise sales.

During the COVID-19 pandemic, unlimited memberships included free access to our digital platform. Our other customers and the general public could access the platform for a fee. During the COVID-19 pandemic, we leveraged our digital platform capabilities to engage with existing members, attract new customers and generate additional revenue from equipment and merchandise sales through the platform. In April 2020, we engaged with a leading provider of premium digital health and wellness content to provide our subscribers with access to audio-guided and structured workouts. We also streamed free workouts on social media networks, including Facebook and Instagram, to attract new customers.

We cannot predict the degree to which, or period over which, we will continue to be affected by the COVID-19 pandemic. Although we have implemented measures, including those described above, to mitigate the impact of the COVID-19 pandemic on our business, we expect the pandemic will continue to present difficulties for franchisees, as well as our overall business, results of operations, cash flows and financial condition. As the COVID-19 pandemic may continue to impact areas in which our studios operate, additional

studios may have to close or re-close in the future. For a further discussion of the adverse impacts of the COVID-19 pandemic on our business, see "Risk Factors—Our business and results of operations have been and are expected to continue to be materially adversely impacted by the ongoing COVID-19 pandemic." The COVID-19 pandemic may also have the effect of heightening many of the other risks described in "Risk Factors". The COVID-19 pandemic continues to evolve, and we will continue to monitor the situation closely.

Risk Factors

Our business is subject to a number of risks and uncertainties that you should understand before making an investment decision. These risks are discussed more fully under "Risk Factors" and include:

- Our business and results of operations have been and are expected to continue to be materially adversely impacted by the ongoing COVID-19 pandemic.
- Shifts in consumer behavior may materially adversely impact our business.
- We have incurred operating losses in the past, may incur operating losses in the future and may not achieve or maintain profitability in the future.
- We have a limited operating history and our past financial results may not be indicative of our future performance. Further, our revenue growth rate is likely to slow as our business matures.
- Our financial results are affected by the operating and financial results of, and our relationships with, master franchisees and franchisees.
- If we fail to successfully implement our growth strategy, which includes the opening of new studios by existing and new franchisees in existing and new markets, our ability to increase our revenue and results of operations could be adversely affected.
- The number of new studios that actually open in the future may differ materially from the number of studio licenses sold to potential, existing and new franchisees.
- Our success depends substantially on our ability to maintain the value and reputation of our brands.
- Our expansion into new markets may present increased risks due to our unfamiliarity with those markets.
- Our expansion into new international markets exposes us to a number of risks that may differ in each country where we have licensed franchisees.
- If we or master franchisees fail to identify, recruit and contract with a sufficient number of qualified franchisees, our ability to open new studios and increase our revenue could be materially adversely affected.
- Franchisees may incur rising costs related to the construction of new studios and maintenance of existing studios, which could adversely affect the attractiveness of our franchise model and, in turn, our business, results of operations, cash flows and financial condition.
- If franchisees are unable to identify and secure suitable sites for new studios, our ability to open new studios and increase our revenue could be materially adversely affected.

- We have identified material weaknesses in our internal control over financial reporting for the year ended December 31, 2020.

Organizational Structure

We currently conduct our business through Xponential Fitness LLC and its subsidiaries. Xponential Fitness LLC is a wholly owned subsidiary of Xponential Holdings LLC. Following this offering, Xponential Fitness, Inc. will be a holding company and its sole material asset will be a controlling ownership interest in Xponential Fitness LLC through its ownership interest in Xponential Holdings LLC.

Prior to the consummation of the Reorganization Transactions (as defined below), the amended and restated limited liability company agreement of Xponential Holdings LLC will be amended and restated to, among other things, appoint us as its managing member and reclassify its outstanding limited liability company units (the "LLC Units") as non-voting units. We refer to the limited liability company agreement of Xponential Holdings LLC, as in effect at the time of this offering, as the "Amended LLC Agreement."

After the Amended LLC Agreement is effective and prior to the consummation of the Reorganization Transactions, H&W Franchise Intermediate Holdings LLC ("H&W Intermediate"), the sole owner of all outstanding LLC Units, will merge with and into H&W Franchise Holdings LLC ("H&W Franchise Holdings"), which will in turn liquidate under local law, distributing the LLC Units to its equity holders in liquidation of their H&W Franchise Holdings interests. After these transactions and prior to the consummation of the Reorganization Transactions and this offering, all of Xponential Holdings LLC's outstanding equity interests will be owned by the following persons, (collectively, the "Pre-IPO LLC Members"):

- H&W Investco, L.P., which is controlled by Mark Grabowski, a member of our board of directors;
- LAG Fit, Inc., which is beneficially owned by Mr. Geisler, our Chief Executive Officer and founder;
- LCAT Franchise Fitness Holdings, Inc., which is an affiliate of Mr. Magliacano, a member of our board of directors; and
- Certain other direct or indirect former equity holders in H&W Franchise Holdings.

In connection with this offering, we intend to enter into the following series of transactions to implement an internal reorganization, which we collectively refer to as the "Reorganization Transactions." We refer to the Pre-IPO LLC Members who will retain their equity ownership in Xponential Holdings LLC in the form of LLC Units immediately following the consummation of the Reorganization Transactions as "Continuing Pre-IPO LLC Members."

- Because we will manage and operate the business and control the strategic decisions andday-to-day operations of Xponential Fitness LLC through our ownership of Xponential Holdings LLC and because we will also have a substantial financial interest in Xponential Fitness LLC through our ownership of Xponential Holdings LLC, we will consolidate the financial results of Xponential Fitness LLC and Xponential Holdings LLC, and a portion of our net income will be allocated to the non-controlling interest to reflect the entitlement of the ContinuingPre-IPO LLC Members to a portion of Xponential Holdings LLC's net income. In addition, because Xponential Holdings LLC will be under the common control of the Pre-IPO LLC Members before and after the Reorganization Transactions, we will account for the Reorganization Transactions as a reorganization of entities under common control and will initially measure the interests of the Continuing Pre-IPO LLC Members in the assets and liabilities of Xponential Holdings LLC at their carrying amounts as of the date of the completion of the consummation of the Reorganization Transactions.

- Our amended and restated certificate of incorporation that will be in effect upon the completion of the offering will authorize the issuance of two classes of common stock: Class A common stock and Class B common stock, (collectively, our "common stock"). Each share of common stock will entitle its holder to one vote per share on all matters submitted to a vote of our stockholders. See "Description of Capital Stock."

- Prior to the completion of this offering, LCAT Franchise Fitness Holdings, Inc., an affiliate of Mr. Magliacano, a member of our board of directors, and certain other entities treated as corporations for U.S. tax purposes, each of which directly own LLC Units (the "Blocker Companies"), will be contributed by their owners to Xponential Fitness, Inc. in exchange for Class A common stock of Xponential Fitness, Inc. Each Blocker Company will thereafter merge with and into Xponential Fitness, Inc. We refer to such transactions as the "Mergers." Equity holders of each Blocker Company, referred to as the Reorganization Parties, will receive a number of shares of our Class A common stock equal to the number of LLC Units held by such Blocker Company prior to the Mergers.

- Each Continuing Pre-IPO LLC Member will be issued a number of shares of our Class B common stock equal to the number of LLC Units held by such Continuing Pre-IPO LLC Member.

- Under the Amended LLC Agreement, holders of LLC Units (other than us) will have the right, from and after the completion of this offering (subject to the terms of the Amended LLC Agreement), to require Xponential Holdings LLC to redeem all or a portion of their LLC Units for, at our election, newly issued shares of Class A common stock on a one-for-one basis or a cash payment equal to the volume-weighted average market price of one share of our Class A common stock for each LLC Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the Amended LLC Agreement. Additionally, in the event of a redemption request from a holder of LLC Units, we may, at our option, effect a direct exchange of cash or Class A common stock for LLC Units in lieu of such a redemption. Shares of Class B common stock will be cancelled on a one-for-one basis if we, following a redemption request from a holder of LLC Units, redeem or exchange LLC Units of such holder pursuant to the terms of the Amended LLC Agreement. See "Certain Relationships and Related Party Transactions—Amended LLC Agreement." Except for transfers to us or to certain permitted transferees pursuant to the Amended LLC Agreement, holders of LLC Units are not permitted to sell, transfer or otherwise dispose of any LLC Units or shares of Class B common stock.

- We will issue shares of Class A common stock to the public pursuant to this offering.

- We will use all of the net proceeds from this offering (including net proceeds received if the underwriters exercise their option to purchase additional shares of Class A common stock in full) to (i) acquire newly-issued LLC Units from Xponential Holdings LLC and (ii) acquire LLC Units from certain Continuing Pre-IPO LLC Members, in each case at purchase price per LLC Unit equal to the initial public offering price of Class A common stock after deducting underwriting discounts and commissions, collectively representing % of Xponential Holdings LLC's outstanding LLC Units (or % if the underwriters exercise their option to purchase additional shares of Class A common stock in full).

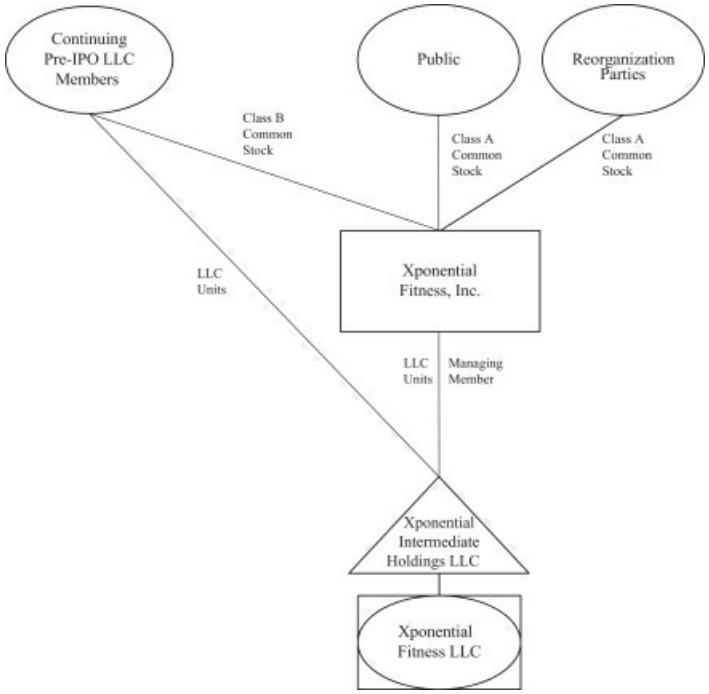
- We will enter into a tax receivable agreement ("TRA") that will obligate us to make payments to the Continuing Pre-IPO LLC Members, the Reorganization Parties and any future party to the TRA in the aggregate generally equal to 85% of the applicable cash savings that we actually realize as a result of certain favorable tax attributes we will acquire from the Blocker Companies in the Mergers or that may result from the purchase or exchange of LLC Units from Continuing Pre-IPO LLC Members in this offering, future taxable redemptions or exchanges of LLC Units by Continuing

Pre-IPO LLC Members and certain payments made under the TRA. We will retain the benefit of the remaining 15% of these tax savings.

- We will cause Xponential Holdings LLC to use the proceeds from the sale of LLC Units to us (i) to pay fees and expenses of approximately $ million in connection with this offering and the Reorganization Transactions, (ii) to potentially repay indebtedness and (iii) for working capital. Xponential Holdings LLC will not receive any proceeds from the purchase by us of LLC Units from any of the Continuing Pre-IPO LLC Members. See "Use of Proceeds."

We will issue shares of Class A common stock to the public pursuant to this offering.

The diagram below depicts our organizational structure immediately following the consummation of the Reorganization Transactions, the completion of this offering and the application of the net proceeds from this offering, based on an assumed initial public offering price of $ per share (the midpoint of the estimated price range set forth on the cover page of this prospectus) and assuming no exercise of the underwriters' option to purchase additional shares of Class A common stock. This chart is provided for illustrative purposes only and does not purport to represent all legal entities within our organizational structure.



Our corporate structure following the completion of this offering, as described above, is commonly referred to as an"Up-C" structure, which is commonly used by partnerships and limited liability companies when they undertake an initial public offering of their business. Our Up-C structure will allow ContinuingPre-IPO LLC Members to continue to realize tax benefits associated with owning interests in an entity that is treated as a partnership, or "pass-through" entity, for income tax purposes following this offering. One of these

benefits is that future taxable income of Xponential Holdings LLC that is allocated to such owners will be taxed on a flow-through basis and, therefore, will not be subject to corporate taxes at the entity level. Additionally, because the LLC Units that Continuing Pre-IPO LLC Members will hold are redeemable, at our election, for either newly-issued shares of Class A common stock on a one-for-one basis or a cash payment in accordance with the terms of the Amended LLC Agreement, ourUp-C structure also provides the Continuing Pre-IPO LLC Members with potential liquidity that holders ofnon-publicly traded limited liability companies are not typically afforded. See "Organizational Structure" and "Description of Capital Stock."

We will also hold LLC Units, and therefore receive the same benefits as ContinuingPre-IPO LLC Members with respect to its ownership in an entity treated as a partnership, or "pass-through" entity, for income tax purposes. The acquisition of LLC Units from certain Continuing Pre-IPO LLC Members in connection with this offering, future taxable redemptions or exchanges by holders of LLC Units for shares of our Class A common stock or cash, the Mergers and other transactions described herein are expected to result in favorable tax attributes that will be allocated to us. These tax attributes would not be available to us in the absence of those transactions and are expected to reduce the amount of tax that we would otherwise be required to pay in the future. In connection with the Reorganization Transactions, we will enter into a TRA that will obligate us to make payments to the Continuing Pre-IPO LLC Members, the Reorganization Parties and any future party to the TRA in the aggregate generally equal to 85% of the applicable cash savings that we actually realize as a result of these tax attributes and tax attributes resulting from certain payments made under the TRA. We will retain the benefit of the remaining 15% of these tax savings. See "Organizational Structure—Holding Company Structure and the Tax Receivable Agreement."

Under the Amended LLC Agreement, we will receive a pro rata share of any distributions made by Xponential Holdings LLC to its members. Such tax distributions will be calculated based upon an assumed tax rate, which, under certain circumstances, may cause Xponential Holdings LLC to make tax distributions that, in the aggregate, exceed the amount of taxes that Xponential Holdings LLC would have paid if it were a similarly situated corporate taxpayer. Funds used by Xponential Holdings LLC to satisfy its tax distribution obligations will not be available for reinvestment in our business. See "Risk Factors—Risks Related to Our Organizational Structure."

Upon the consummation of the Reorganization Transactions, the completion of this offering and the application of the net proceeds from this offering:

- We will be appointed as the managing member of Xponential Holdings LLC and will hold LLC Units, constituting % of the outstanding economic interests in Xponential Holdings LLC (or LLC Units, constituting % of the outstanding economic interests in Xponential Holdings LLC, if the underwriters exercise their option to purchase additional shares of Class A common stock in full).

- The Pre-IPO LLC Members will hold (i) shares of Class A common stock and (ii) LLC Units, which together represent approximately % of the economic interest in Xponential Holdings LLC (or % if the underwriters exercise their option to purchase additional shares of Class A common stock in full) and (ii) through their ownership of Class A and Class B common stock, approximately % of the combined voting power of our common stock (or % if the underwriters exercise their option to purchase additional shares of Class A common stock in full).

- Investors in this offering will collectively hold (i) shares of our Class A common stock, representing approximately % of the combined voting power of our common stock (or shares and %, respectively, if the underwriters exercise their option to purchase additional shares of Class A common stock in full) and (ii) through our ownership of LLC Units will hold approximately % of the economic interest in Xponential Holdings LLC (or % if the underwriters exercise their option to purchase additional shares of Class A common stock in full).

See "Organizational Structure," "Certain Relationships and Related Party Transactions" and "Description of Capital Stock" for more information on the rights associated with our common stock and the LLC Units.

Implications of Being an Emerging Growth Company

As a company with less than $1.07 billion (as adjusted for inflation from time to time pursuant to the rules of the Securities and Exchange Commission (the "SEC")) in annual gross revenue during our last fiscal year, we qualify as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). An emerging growth company may take advantage of reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company:

- we may present as few as two years of audited financial statements and two years of related management discussion and analysis of financial condition and results of operations;
- we are exempt from the requirement to obtain an attestation report from our auditors on management's assessment of our internal control over financial reporting under the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act"), for up to five years or until we no longer qualify as an emerging growth company;
- we are permitted to provide reduced disclosure regarding our executive compensation arrangements pursuant to the rules applicable to smaller reporting companies, which means we do not have to include a compensation discussion and analysis and certain other disclosures regarding our executive compensation; and
- we are not required to hold non-binding advisory votes on executive compensation or golden parachute arrangements.

In addition to the relief described above, the JOBS Act permits us an extended transition period for complying with new or revised accounting standards affecting public companies. We have elected to use this extended transition period, which means that our financial statements may not be comparable to the financial statements of public companies that comply with such new or revised accounting standards on a non-delayed basis.

In this prospectus we have elected to take advantage of the reduced disclosure requirements relating to executive compensation, and in the future we may take advantage of any or all of these exemptions for so long as we remain an emerging growth company. We will remain an emerging growth company until the earliest of (i) the end of the fiscal year during which we have total annual gross commissions and fees of $1.07 billion (as adjusted for inflation pursuant to SEC rules from time to time) or more, (ii) the end of the fiscal year following the fifth anniversary of the completion of this offering, (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt or (iv) the date on which we are deemed to be a "large accelerated filer" under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Corporate Information

Xponential Fitness LLC was founded in August 2017 and Xponential Fitness, Inc. was incorporated in the State of Delaware on January 14, 2020. Xponential Fitness LLC became a wholly owned subsidiary of Xponential Holdings LLC on February 24, 2020. Our principal executive offices are located at 17877 Von Karman Ave, Suite 100, Irvine, CA, 92614 and our telephone number is (949) 346-3000. Our website is located at www.xponential.com. Our website and the information contained therein or connected thereto, or accessible therefrom, is not incorporated into this prospectus or the registration statement of which it forms a part.

THE OFFERING

Class A common stock offered by us	shares (or shares if the underwriters exercise their option to purchase additional shares of Class A common stock in full).
Class A common stock to be outstanding immediately after this offering	shares (or shares if the underwriters exercise their option to purchase additional shares of Class A common stock in full). If all outstanding LLC Units held by the Continuing Pre-IPO LLC Members were redeemed or exchanged for newly-issued shares of Class A common stock on a one-for-one basis, shares of Class A common stock (or shares if the underwriters exercise their option to purchase additional shares of Class A common stock in full) would be outstanding.
Class B common stock to be outstanding immediately after this offering	shares. Immediately after this offering, the Continuing Pre-IPO LLC Members will own 100% of the outstanding shares of our Class B common stock.
Voting power held by holders of Class A common stock after giving effect to this offering	% (or 100% if all outstanding LLC Units held by the ContinuingPre-IPO LLC Members were redeemed or exchanged for a corresponding number of newly issued shares of Class A common stock).
Voting power held by holders of Class B common stock after giving effect to this offering	% (or 0% if all outstanding LLC Units held by the ContinuingPre-IPO LLC Members were redeemed or exchanged for a corresponding number of newly issued shares of Class A common stock).
Voting rights after giving effect to this offering	Each share of common stock will entitle its holder to one vote per share. Investors in this offering will hold approximately % of the combined voting power of our common stock (or % if the underwriters exercise their option to purchase additional shares of Class A common stock in full). Our Class A common stock and Class B common stock generally vote together as a single class on all matters submitted to a vote of our stockholders. See “Description of Capital Stock.”
Use of proceeds	We estimate that our net proceeds from this offering will be approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares of Class A common stock in full), after deducting underwriting

	discounts and commissions of approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares of Class A common stock in full). We intend to use the net proceeds that we receive from this offering to purchase newly issued LLC Units from Xponential Holdings LLC and LLC Units from certain Continuing Pre-IPO LLC Members, including Anthony Geisler, our Chief Executive Officer and founder, at a purchase price per LLC Unit equal to the initial public offering price per share of Class A common stock after deducting underwriting discounts and commissions. We will cause Xponential Holdings LLC to use the proceeds from the sale of LLC Units to us (i) to pay fees and expenses of approximately $ million in connection with this offering and the Reorganization Transactions, (ii) to potentially repay indebtedness and (iii) for working capital. Xponential Holdings LLC will not receive any proceeds from the purchase by us of LLC Units from any of the Continuing Pre-IPO LLC Members. We estimate that the offering expenses (other than the underwriting discounts and commissions) will be approximately $ million. All of such offering expenses will be paid for by Xponential Holdings LLC. See "Use of Proceeds."
Redemption rights of the holders of LLC Units	Under the Amended LLC Agreement, holders of LLC Units (other than us) will have the right, from and after the completion of this offering (subject to the terms of the Amended LLC Agreement), to require Xponential Holdings LLC to redeem all or a portion of their LLC Units for, at our election, newly issued shares of Class A common stock on a one-for-one basis or a cash payment equal to the volume-weighted average market price of one share of our Class A common stock for each LLC Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the Amended LLC Agreement. Additionally, in the event of a redemption request from a holder of LLC Units, we may, at our option, effect a direct exchange of cash or Class A common stock for LLC Units in lieu of such a redemption. Shares of Class B common stock will be cancelled on a one-for-one basis if we, following a redemption request from a holder of LLC Units, redeem or exchange LLC Units of such holder pursuant to the terms of the Amended LLC Agreement. See "Certain Relationships and Related Party Transactions—Amended LLC Agreement." Except for transfers to us pursuant to the Amended LLC Agreement or to certain permitted transferees, holders of LLC Units are not

	permitted to sell, transfer or otherwise dispose of any LLC Units or shares of Class B common stock.
Tax receivable agreement	Upon the completion of this offering, we will be a party to a TRA with the Continuing Pre-IPO LLC Members and the Reorganization Parties. Under the TRA, we generally will be required to pay to the TRA parties in the aggregate 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of (i) certain tax attributes that are created as a result of the redemptions or exchanges of LLC Units for shares of our Class A common stock or cash, (ii) any existing tax attributes associated with LLC Units we acquire, the benefit of which will be allocable to us as a result of the Mergers and exchanges by Continuing Pre-IPO LLC Members of their LLC Units for shares of our Class A common stock or cash (including the portion of Xponential Holdings LLC's existing tax basis in its assets that is allocable to the LLC Units that are redeemed or acquired), (iii) tax benefits related to imputed interest, (iv) net operating losses ("NOLs") available to us as a result of the Mergers and (v) tax attributes resulting from payments under the TRA. These payment obligations are our obligations and not obligations of Xponential Holdings LLC. Our obligations under the TRA will also apply with respect to any person who is issued LLC Units in the future and who becomes a party to the TRA. See "Organizational Structure—Holding Company Structure and the Tax Receivable Agreement."
Controlled company exemption	After the completion of this offering, we will be considered a "controlled company" for the purposes of listing requirements. As a "controlled company," we will not be subject to certain corporate governance requirements, including the requirements that: (i) a majority of our board of directors consists of independent directors, as defined under the rules of ; and (ii) our compensation and nominating and governance committees be composed of entirely independent directors. See "Management—Controlled Company."
Proposed symbol	"XPOF"

Unless otherwise indicated, all information in this prospectus:

- gives effect to the Reorganization Transactions and assumes the effectiveness of our amended and restated certificate of incorporation and bylaws, which we will adopt prior to completion of this offering;
- assumes an initial public offering price of $ per share (the midpoint of the estimated price range set forth on the cover page of this prospectus);
- assumes the underwriters do not exercise their option to purchase up to additional shares of Class A common stock;

- excludes shares of Class A common stock reserved for issuance upon the redemption or exchange of LLC Units that will be held by the Continuing Pre-IPO LLC Members after the completion of this offering; and

- excludes up to shares of Class A common stock that may vest depending on the valuation of our Class A shares in connection with the acquisition of Rumble in March 2021.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following sets forth summary consolidated financial and other data of Xponential Fitness LLC, a subsidiary of Xponential Holdings LLC, and Xponential Fitness LLC's consolidated subsidiaries. Xponential Fitness, Inc. was formed as a Delaware corporation on January 14, 2020 and Xponential Holdings LLC was formed as a Delaware limited liability company on February 19, 2020, and neither has, to date, conducted any activities other than those incident to its formation, the Reorganization Transactions and the preparation of this prospectus and the registration statement of which this prospectus forms a part.

The summary consolidated statement of operations data for the years ended December 31, 2018, 2019 and 2020 and the summary consolidated balance sheet data as of December 31, 2019 and 2020 are derived from our audited consolidated financial statements and related notes thereto included elsewhere in this prospectus. The summary consolidated statement of operations data for the three months ended March 31, 2020 and 2021 and summary consolidated balance sheet data as of March 31, 2021 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus.

The results indicated below are not necessarily indicative of the results to be expected in the future and should be read in conjunction with, and are qualified by reference to "Capitalization," "Unaudited Pro Forma Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes thereto included elsewhere in this prospectus. Results for the three months ended March 31, 2021 are not necessarily indicative of results to be expected for the full year.

	Years Ended December 31,			Three Months Ended March 31,	
	2018(1)	2019	2020	2020	2021
			(in thousands)		
Consolidated Statement of Operations Data					
Revenue, net:					
Franchise revenue	$ 19,852	$ 47,364	$ 48,056	$ 14,847	$ 13,755
Equipment revenue	22,646	40,012	20,642	6,735	4,066
Merchandise revenue	9,575	22,215	16,648	5,064	4,232
Franchise marketing fund revenue	3,745	8,648	7,448	2,697	2,483
Other service revenue	3,446	10,891	13,798	2,444	4,529
Total revenue, net	59,264	129,130	106,592	31,787	29,065
Operating costs and expenses:					
Costs of product revenue	22,901	41,432	25,727	8,098	5,344
Costs of franchise and service revenue	3,127	5,703	8,392	2,082	2,319
Selling, general and administrative expenses	44,551	80,495	60,917	11,873	16,602
Depreciation and amortization	3,513	6,386	7,651	1,814	2,055
Marketing fund expense	3,285	8,217	7,101	2,585	2,616
Acquisition and transaction expenses (income)	18,095	7,948	(10,990)	(774)	350
Total operating costs and expenses	95,472	150,181	98,798	25,678	29,286
Operating loss	(36,208)	(21,051)	7,794	6,109	(221)
Other income (expense):					
Interest income	(56)	(168)	(345)	(90)	(95)
Interest expense	6,253	16,087	21,410	7,986	4,423
Total other expense	6,197	15,919	21,065	7,896	4,328
Loss before income taxes	(42,405)	(36,970)	(13,271)	(1,787)	(4,549)
Income taxes	73	164	369	162	201
Net loss	$(42,478)	$ (37,134)	$ (13,640)	$ (1,949)	$ (4,750)

	As of December 31, 2019	As of December 31, 2020	As of March 31, 2021	Pro Forma As Adjusted(2)
		(in thousands)		
Consolidated Balance Sheet Data				
Cash, cash equivalents and restricted cash	$ 9,339	$ 11,299	$ 7,350	
Total assets	325,667	322,838	340,647	
Total debt(3)	159,671	189,840	198,901	
Total member's equity/stockholders' equity	26,678	4,749	10,106	

(1) See Note 3—Acquisition of Businesses in the notes to the consolidated financial statements included elsewhere in this prospectus.

(2) The pro forma adjustments related to this offering (the "Offering Adjustments") are described in the notes to the unaudited pro forma consolidated financial information included elsewhere in this prospectus, and principally include the following:

- adjustments for the Reorganization Transactions and the entry into the TRA;
- the issuance of shares of our Class A common stock to the purchasers in this offering in exchange for net proceeds of approximately $ million, based on an assumed initial public offering price of $ per share (the midpoint of the estimated price range set forth on the cover page of this prospectus), after deducting underwriting discounts and commissions but before offering expenses;
- the application by us of the net proceeds from this offering and the issuance of shares of Class A common stock (assuming shares of Class A common stock are sold in this offering, and assuming the underwriters do not exercise their option to purchase additional shares of Class A common stock) to acquire newly-issued LLC Units from Xponential Holdings LLC and acquire LLC Units from certain Continuing Pre-IPO LLC Members at a purchase price per LLC Unit equal to the initial public offering price of Class A common stock after deducting underwriting discounts and commissions;
- the application by Xponential Holdings LLC of a portion of the proceeds of the sale of LLC Units to us to pay fees and expenses of approximately $ million in connection with this offering and the Reorganization Transactions; and
- the provision for federal and state income taxes of Xponential Fitness, Inc. as a taxable corporation at an effective rate of % for the years ended December 31, 2019 and 2020 respectively (which effective rates were calculated using the U.S. federal income tax rate of 21%).

(3) Includes long-term debt, notes payable and present value of amounts due under settlement agreements, but excludes contingent consideration and deferred loan costs. Amounts due under settlement agreements were $4.4 million, $2.0 million and $1.3 million as of December 31, 2019, December 31, 2020 and March 31, 2021, respectively. These amounts are recorded on our consolidated balance sheet as accrued expenses of $2.7 million, $2.0 million and $1.3 million and contingent consideration from acquisitions of $1.7 million, $0 and $0 at December 31, 2019, December 31, 2020 and March 31, 2021, respectively.

	Years Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
	($ in thousands)				
Key Performance Indicators[1]					
System-wide sales	$ 389,251	$ 560,361	$ 442,148	$ 160,023	$ 131,610
Number of new studio openings in North America	258	400	241	56	53
Number of studios operating in North America (cumulative total as of period end)	1,071	1,471	1,712	1,527	1,765
Number of licenses sold in North America (cumulative total as of period end)	2,086	3,009	3,273	3,139	3,371
Number of licenses contractually obligated to be sold internationally (cumulative total as of period end)	35	489	593	548	693
AUV (LTM as of period end)	$ 399	$ 449	$ 283	$ 453	$ 257
Same store sales	8%	9%	(34%)	0%	(24%)
Adjusted EBITDA[2]	$ (10,565)	$ 16,642	$ 10,152	$ 7,877	$ 3,652

(1) See "Basis of Presentation" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Performance Indicators" for the definition of and additional information about these metrics. All key performance indicators, except Adjusted EBITDA, are presented on an adjusted basis to reflect historical information of the brands we acquired and therefore includes time periods during which certain of the brands were operated by our predecessors. We acquired Club Pilates and CycleBar in September 2017, Stretch Lab in November 2017, Row House in December 2017, AKT in March 2018, Yoga Six in July 2018, Pure Barre in October 2018, Stride in December 2018 and Rumble in March 2021.

(2) We define adjusted EBITDA as EBITDA (net income/loss before interest, taxes, depreciation and amortization), adjusted for the impact of certain non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include equity-based compensation, acquisition and transaction expenses (including change in fair value of contingent consideration), management fees and expenses (that will be discontinued after this offering), integration and related expenses and litigation expenses (consisting of legal and related fees for specific proceedings that arise outside of the ordinary course of our business) that we do not believe reflect our underlying business performance. We believe that adjusted EBITDA is an appropriate measure of operating performance because it eliminates the impact of expenses that we do not believe reflect our underlying business performance. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures."

The following table presents a reconciliation of net loss, the most directly comparable financial measure calculated in accordance with GAAP, to adjusted EBITDA, for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021.

	Years Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
	(in thousands)				
Net loss	$ (42,478)	$ (37,134)	$ (13,640)	$ (1,949)	$ (4,750)
Interest expense	6,253	16,087	21,410	7,986	4,423
Income taxes	73	164	369	162	201
Depreciation and amortization	3,513	6,386	7,651	1,814	2,055
EBITDA	(32,639)	(14,497)	15,790	8,013	1,929
Equity-based compensation	1,969	2,064	1,751	418	222
Acquisition and transaction expenses (income)	18,095	7,948	(10,990)	(774)	350
Management fees and expenses	847	557	795	220	192
Integration and related expenses	467	15,022	386	—	—
Litigation expenses	696	5,548	2,420	—	959
Adjusted EBITDA	$ (10,565)	$ 16,642	$ 10,152	$ 7,877	$ 3,652

RISK FACTORS

An investment in our Class A common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below together with all of the other information contained in this prospectus, including our consolidated financial statements and the related notes thereto included elsewhere in this prospectus, before deciding to invest in our Class A common stock. If any of the following risks actually occurs, our business, prospects, results of operations, cash flows and financial condition could suffer materially, the trading price of our Class A common stock could decline and you could lose all or part of your investment.

Risks Related to Our Business and Industry

Our business and results of operations have been and are expected to continue to be materially adversely impacted by the ongoing COVID-19 pandemic.

The outbreak of COVID-19, which was declared a pandemic by the World Health Organization, has continued to impact global economic activity. A public health pandemic such as COVID-19 poses the risk that we or our employees, franchisees, suppliers and other partners may be prevented from conducting business activities for an indefinite period of time, due to shutdowns, travel restrictions, social distancing requirements, stay-at-home orders and advisories and other restrictions suggested or mandated by governmental authorities. The COVID-19 pandemic may also have the effect of heightening many of the other risks described elsewhere in this report, such as those relating to our growth strategy, international operations, franchisees' ability to attract and retain members, supply chain, health and safety risks to members, loss of key employees and changes in consumer preferences, as well as risks related to our significant indebtedness, including our ability to generate sufficient cash and comply with the terms of and restrictions under the agreements governing such indebtedness.

The extent of the impact of the COVID-19 pandemic remains highly uncertain and difficult to predict. However, the continued spread of the virus and the measures taken in response to it have disrupted our operations and have adversely impacted our business, financial condition and results of operations. For example, in response to the COVID-19 pandemic, franchisees temporarily closed almost all studios system-wide in mid-March 2020, although substantially all of our franchised studios have resumed operations as of March 31, 2021. We and franchisees took other actions, such as temporary rent deferrals and reduced marketing activities, as additional measures to preserve cash and liquidity during closure periods. As the COVID-19 pandemic continues to impact areas in which our studios operate, certain of our studios have had to re-close or significantly reduce capacity, and additional studios may have to re-close or further reduce capacity, pursuant to local guidelines. As a result of COVID-19, franchisees have also experienced to date, and may continue to experience, a decrease in net membership base. The COVID-19 pandemic and these responses have adversely affected and will continue to adversely affect our and franchisees' sales.

The COVID-19 pandemic has significantly impacted our ability to generate revenue. A substantial portion of our revenue is derived from royalty fees and other fees and commissions generated from activities associated with franchisees and equipment sales to franchisees. These revenue streams were affected by the decline in system-wide sales as almost all studios were temporarily closed intermittently beginning in mid-March and throughout 2020 and early 2021, and new studio openings were delayed. We are reliant on the performance of franchisees in successfully operating their studios and paying royalties to us on a timely basis. Disruptions in franchisees' operations for a significant amount of time due to studio closures or the COVID-19 pandemic-related social distancing, or other movement restricting policies put in place in an effort to slow the spread of COVID-19, have adversely impacted and will likely continue to adversely impact royalty payments from franchisees, or result in our providing payment relief or other forms of support to franchisees, and may materially adversely affect our business, results of operations, cash flows and financial condition.

The COVID-19 pandemic has also adversely affected franchisees' ability to open new studios. Social distancing and stay-at-home or shelter-in-place orders and mandates as well as construction restrictions related to

the COVID-19 pandemic have caused a slowdown in planned openings and in construction related processes such as onsite inspections, permitting, construction completion and installation of equipment in some jurisdictions. We have also been largely unable to conduct in-person marketing and sales meetings and training sessions for franchisees at our headquarters. These changes may adversely affect our ability to grow our business.

If the business interruptions caused by the COVID-19 pandemic continue for a substantial period of time, we or franchisees may need to seek other sources of liquidity. The COVID-19 pandemic is adversely affecting the availability of liquidity generally in the credit markets, and there can be no guarantee that additional liquidity, whether through the credit markets or government programs, will be readily available or available on favorable terms, especially the longer the COVID-19 pandemic persists.

The ultimate impact of the COVID-19 pandemic and any significant resurgences on our business and results of operations is unknown and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the COVID-19 pandemic, new developments concerning the severity of or potential treatments or vaccines for COVID-19, and any additional preventative and protective actions that governments, or we, may direct, which may result in an extended period of continued business disruption and reduced operations. We expect our business, across all of our geographies, will continue to be impacted, but the significance of the impact of the COVID-19 pandemic on our business and the duration for which it may have an impact cannot be determined at this time.

Moreover, even after social distancing, stay-at-home and other governmental orders and advisories are lifted, consumer demand may remain weak and consumer behavior may shift, including as a result of consumers' hesitancy to return to in-person studios. The COVID-19 pandemic has resulted in, and may continue to result in, significant disruption of the global economy. A recession, depression or other adverse economic impact resulting from the COVID-19 pandemic could dampen consumer spending generally and demand for fitness classes or boutique fitness specifically. In addition, consumers may be reluctant to participate in in-person fitness classes even after governmental orders and advisories are lifted, and may be particularly reluctant to participate in our brands' offerings given the small indoor spaces in which our studios operate. If a COVID-19 outbreak were to occur in any of the in-person studios, our brand's reputation may be harmed and consumer demand for indoor classes may decrease further. Decreased consumer demand for any of these reasons would have an adverse impact on our and franchisees' business, financial condition and results of operations, and we cannot predict when or if our brands will return to the pre-COVID-19 pandemic active membership and demand levels.

The COVID-19 pandemic may also have the effect of heightening many of the other risks described in this "Risk Factors" section, such as those relating to our growth strategy, international operations, our and franchisees' ability to attract and retain members, our supply chain, health and safety risks to our members, loss of key employees and changes in consumer preferences, as well as risks related to our significant indebtedness, including our ability to generate sufficient cash and comply with the terms of and restrictions under the agreements governing such indebtedness.

Shifts in consumer behavior may materially adversely impact our business.

As a result of the COVID-19 pandemic, consumers may be reluctant to participate in in-person fitness classes even after governmental orders and advisories are lifted, and may be particularly reluctant to participate in our brands' offerings given the small indoor spaces in which our studios operate. Moreover, consumers have been adopting in-home fitness solutions, a trend which accelerated during the COVID-19 pandemic. This trend may reduce the number of times consumers participate in in-person fitness classes in studios. Decreased consumer demand due to a general shift in consumer behavior would have an adverse impact on our and franchisees' business, financial condition and results of operations, and we cannot predict when or if our brands will return to the pre-COVID-19 pandemic active membership and demand levels.

We have incurred operating losses in the past, may incur operating losses in the future and may not achieve or maintain profitability in the future.

We have incurred operating losses each year since our formation in 2017, including a net loss of $13.6 million for 2020 and $4.8 million for the three months ended March 31, 2021, and may continue to incur net losses for the foreseeable future. As a result, we had a total accumulated deficit of $107.5 million and $112.2 million as of December 31, 2020 and March 31, 2021, respectively. We expect our operating expenses to increase in the future as we increase our sales and marketing efforts, expand our operating infrastructure and expand into new geographies. Further, as a public company, we will incur additional legal, accounting and other expenses that we did not incur as a private company. These efforts and additional expenses may be more costly than we expect, and we cannot guarantee that we will be able to increase our revenue to offset our increased operating expenses. Our revenue growth may slow or our revenue may decline for a number of other reasons, including reduced demand for new franchises, reduced demand for the services and products offered by franchisees, increased competition, reduction in openings of new studios, a decrease in the growth or reduction in the size of our overall market or if we cannot capitalize on growth opportunities. If our revenue does not grow at a greater rate than our operating expenses, we will not be able to achieve profitability.

We have a limited operating history and our past financial results may not be indicative of our future performance. Further, our revenue growth rate is likely to slow as our business matures.

Anthony Geisler, our Chief Executive Officer and founder, acquired Club Pilates in March 2015. We were founded in August 2017 and acquired Club Pilates, our first brand, in September 2017. We have a limited history of generating revenue. As a result of our short operating history, we have limited financial data that can be used to evaluate our business. Therefore, our historical revenue growth should not be considered indicative of our future performance. In particular, we have experienced periods of high revenue growth, notably since we acquired Pure Barre in October 2018, that we do not expect to continue as our business matures. Estimates of future revenue growth are subject to many risks and uncertainties and our future revenue may differ materially from our projections. We have encountered, and will continue to encounter, risks and difficulties frequently experienced by growing companies in rapidly changing industries, including market acceptance of our and franchisees' services and products, the need to increase sales at existing studios, opening new studios, increasing competition and increasing expenses as we expand our business. We cannot be sure that we will be successful in addressing these and other challenges we may face in the future, and our business may be adversely affected if we do not manage these risks.

Our financial results are affected by the operating and financial results of, and our relationships with, master franchisees and franchisees.

A substantial portion of our revenue comes from royalties generated by franchised studios and studios franchised through master franchisees, other fees and commissions generated from activities associated with franchisees and equipment sales and leases to franchisees. As a result, our financial results are largely dependent upon the operational and financial results of franchisees. As of December 31, 2020, we had 1,040 franchisees operating 1,722 open studios on an adjusted basis and 1,060 franchisees operating 1,775 open studios as of March 31, 2021 on an adjusted basis. Negative economic conditions, including inflation, increased unemployment levels and the effect of decreased consumer confidence or changes in consumer behavior, or any continued disruptions in franchisees' operations for a significant amount of time due to the COVID-19 pandemic-related social distancing, or other movement restricting policies put in place in an effort to slow the spread of COVID-19, could materially harm franchisees' financial condition, which would cause our royalty and other revenues to decline and, as a result, materially and adversely affect our business, results of operations, cash flows and financial condition. For example, our revenue was negatively affected by the decline in system-wide sales as a majority of our and franchisees' studios were closed during mid-March and throughout 2020, and new studio openings were delayed. In addition, if franchisees fail to renew their franchise agreements with us, or otherwise cease operating, our royalty and other revenues may decrease, which in turn could materially and adversely affect our business, results of operations, cash flows and financial condition.

Franchisees are an integral part of our business. We would be unable to successfully implement our growth strategy without the participation of franchisees. The failure of franchisees to focus on the fundamentals of studio operations, such as quality, service and studio appearance, would adversely affect our business, results of operations, cash flows and financial condition.

If we fail to successfully implement our growth strategy, which includes opening new studios by existing and new franchisees in existing and new markets, our ability to increase our revenue and results of operations could be adversely affected.

Our growth strategy relies in large part upon new studio development by existing and new franchisees. Franchisees face many challenges in opening new studios, including:

- availability and cost of financing;
- selection and availability of suitable studio locations;
- competition for studio sites;
- negotiation of acceptable lease and financing terms;
- impact of and responses to the COVID-19 pandemic;
- construction and development cost management;
- selection and availability of suitable general contractors;
- punctual commencement and progress of construction and development;
- equipment delivery or installation delays;
- health, fitness and wellness trends in new geographic regions and acceptance of our and franchisees' services and products;
- employment, training and retention of qualified personnel;
- competition for consumers and qualified instructors;
- ability to open new studios during the timeframes we and franchisees expect;
- securing required domestic or foreign governmental permits and approvals; and
- general economic and business conditions.

Our growth strategy also relies on our and master franchisees' ability to identify, recruit and enter into agreements with a sufficient number of qualified franchisees. In addition, our and franchisees' ability to successfully open and operate studios in new markets may be adversely affected by a lack of awareness or acceptance of our brands and a lack of existing marketing efforts and operational execution in these new markets. To the extent that we and franchisees are unable to implement effective marketing and promotional programs and foster recognition and affinity for our brands in new markets, franchisees' studios in these new markets may not perform as expected and our growth may be significantly delayed or impaired. In addition, franchisees of new studios may have difficulty securing adequate financing, particularly in new markets, where there may be a lack of adequate operating history and brand familiarity. New studios may not be successful or same store sales may not increase at historical rates, which could materially and adversely affect our business, results of operations, cash flows and financial condition.

In addition, new studios build their sales volume and customer base over time and, as a result, generally yield lower amounts of revenue for us than more mature studios. New studios may not achieve sustained results consistent with more mature studios on a timely basis, or at all, which could have an adverse effect on our financial condition, operating results and growth rate.

The majority of new franchisees' studio development is funded by franchisee investment and, therefore, our growth strategy is dependent on the ability of franchisees or prospective franchisees to access funds to finance such development. If franchisees (or prospective franchisees) are unable to obtain financing at commercially reasonable rates, or at all, they may be unwilling or unable to invest in the development of new studios, and our future growth could be adversely affected. In particular, our Chief Executive Officer and founder is the owner of Intensive Capital Inc. ("ICI"), which directly and indirectly has provided financing to a limited number of franchisees. ICI may lessen or discontinue lending to franchisees in the future, and as a result, franchisees may be unable to obtain financing on the same or similar terms or on the same timeline and our future growth could be adversely affected.

To the extent franchisees are unable to open new studios on the timeline we anticipate, we will not realize the revenue growth that we expect. Franchisees' failure to add a significant number of new studios would adversely affect our ability to increase our revenue and operating income and could materially and adversely affect our business, results of operations, cash flows and financial condition.

The number of new studios that actually open in the future may differ materially from the number of studio licenses sold to potential, existing and new franchisees.

The number of new studios that actually open in the future may differ materially from the number of U.S. licenses sold and international licenses to be sold via master franchise agreements. As of March 31, 2021, we had 1,391 studios in North America contractually obligated to be opened under existing franchise agreements and 693 licenses to be sold internationally via master franchise agreements in respect of studios that had not yet opened, on an adjusted basis to reflect historical information of brands we have acquired. Historically, a portion of our licenses sold have not ultimately resulted in new studios. From inception to March 31, 2021, 215 licenses had been terminated in North America and two had been terminated internationally. We expect that this percentage may increase over time. Of the franchisees that opened their first studio in 2019, on average it took approximately 12.2 months from signing the franchise agreement to open. Of the franchisees that opened their first studio in 2020, on average it took approximately 14.6 months from signing the franchise agreement to open. The length of time increased during 2020 due to COVID-related opening restrictions. However, the historic conversion rate of signed studio commitments to new studio locations may not be indicative of the conversion rate we will experience in the future, and the total number of new studios that actually open in the future may differ materially from the number of licenses sold that we have at any point in time. In addition, the timing of new studio openings is sometimes delayed for a variety of reasons, and delayed openings would adversely affect our business, results of operations, cash flows and financial condition.

Our success depends substantially on our ability to maintain the value and reputation of our brands.

Our success is dependent in large part upon our ability to maintain and enhance the value of our brands and the connection of franchisees' customers to our brands. Maintaining, protecting and enhancing our brands depends largely on the success of our marketing efforts, ability to provide consistent, high-quality services and our ability to successfully secure, maintain and defend our rights to use trademarks important to our brands. We believe that the importance of our brands will increase as competition within our markets further intensifies and brand promotion activities may require substantial expenditures. Our brands could be harmed if we fail to achieve these objectives or if our public image were to be tarnished by negative publicity. In particular, studios offer services that involve physical interaction, and any claims of inappropriate touching or behavior by franchisees' employees or independent contractors, even if unsubstantiated, could harm our and our brands' reputations. Unfavorable publicity about us, including our brands, services, products, customer service, personnel, technology and suppliers, could diminish confidence in, and the use of, our services and products.

Such negative publicity also could have an adverse effect on the size, engagement and loyalty of franchisees' customers and result in decreased revenue, which could have an adverse effect on our business, results of operations, cash flows and financial condition.

Our expansion into new markets may present increased risks due to our unfamiliarity with those markets.

Certain new franchised studios and studios franchised through master franchisees are planned for markets where there may be limited or no market recognition of our brands. Those new markets may have competitive conditions, consumer preferences and discretionary spending patterns that are different from those in our existing markets. As a result, studios in these new markets may be less successful than studios in existing markets. Franchisees may need to build brand awareness in those new markets through greater investments in advertising and promotional activity than franchisees originally planned. Franchisees may find it more difficult in new markets to hire, motivate and retain qualified employees who can project our vision, passion and culture. Studios opened in new markets may also have lower average sales than studios opened in existing markets. Sales at studios opened in new markets may take longer to ramp up and reach expected sales and profit levels, and may never do so, thereby adversely affecting our business, results of operations, cash flows and financial condition.

Our expansion into international markets exposes us to a number of risks that may differ in each country where we have licensed franchisees.

We currently have franchised studios in Canada, signed master franchise agreements governing the development of franchised studios in Australia, Japan, Saudi Arabia, Singapore, South Korea and Spain, entered into international expansion agreements in the Dominican Republic, Austria and Germany and plan to continue to grow internationally. However, our international operations are in early stages. Expansion into international markets will be affected by local economic and market conditions. Therefore, as we expand internationally, franchisees may not experience the operating margins we expect, and our results of operations and growth may be materially and adversely affected. Our financial condition and results of operations may also be adversely affected if the global markets in which our franchised studios compete are affected by changes in political, economic or other factors. These factors, over which neither we nor franchisees have control, may include:

- impact of the COVID-19 pandemic, including social distancing and other restrictions imposed due to the COVID-19 pandemic;
- recessionary or expansive trends in international markets;
- increases in the taxes we or franchisees pay and other changes in applicable tax laws;
- legal and regulatory changes, and the burdens and costs of our and franchisees' compliance with a variety of foreign laws;
- changes in inflation rates;
- changes in exchange rates and the imposition of restrictions on currency conversion or the transfer of funds;
- difficulty in protecting our brands, reputation and intellectual property;
- difficulty in collecting royalties;
- political and economic instability; and
- other external factors, including actual or perceived threats to public health.

If we or master franchisees fail to identify, recruit and contract with a sufficient number of qualified franchisees, our ability to open new studios and increase our revenue could be materially adversely affected.

The opening of new studios depends, in part, upon the availability of prospective franchisees who meet our criteria. We or master franchisees may not be able to identify, recruit or contract with qualified franchisees in our target markets on a timely basis or at all. In addition, franchisees may not ultimately be able to access the financial or management resources that they need to open the studios contemplated by their agreements with us, or they may elect to cease studio development for other reasons. If we or master franchisees are unable to recruit qualified franchisees or if franchisees are unable or unwilling to open new studios as planned, our growth may be slower than anticipated, which could materially adversely affect our ability to increase our revenue and materially adversely affect our business, results of operations, cash flows and financial condition.

Franchisees may incur rising costs related to the construction of new studios and maintenance of existing studios, which could adversely affect the attractiveness of our franchise model and, in turn, our business, results of operations, cash flows and financial condition.

Franchisees' studios require significant upfront and ongoing investment, including periodic remodeling and equipment replacement. Further, studio operating costs have increased in connection with franchisees' responses to the COVID-19 pandemic, including implementing required and recommended measures designed to mitigate the spread of COVID-19. If franchisees' costs are greater than expected, franchisees may need to outperform their operational plan to achieve their targeted return. In addition, increased costs may result in lower profits to franchisees, which may cause them to cease operations or make it harder for us to attract new franchisees, which in turn could materially and adversely affect our business, results of operations, cash flows and financial condition.

In addition, if a franchisee is unwilling or unable to acquire the necessary financing to invest in the maintenance and upkeep of its studios, including periodic remodeling and equipment replacement, the quality of its studios could deteriorate, which may have a negative impact on the image of our brands and franchisees' ability to attract and retain customers, which in turn may have a negative impact on our business, results of operations, cash flows and financial condition.

If franchisees are unable to identify and secure suitable sites for new studios, our ability to open new studios and increase our revenue could be materially adversely affected.

To successfully expand our business, franchisees must identify and secure sites for new studios that meet our established criteria. Franchisees face significant competition for such sites and, as a result, franchisees may lose or be forced to pay significantly higher prices for such sites. If franchisees are unable to identify and secure sites for new studios that meet our established criteria, our revenue growth rate and results of operations may be negatively impacted. Additionally, if our or franchisees' analysis of the suitability of a new studio site is incorrect, franchisees may not be able to recover their capital investment in developing and building the new studio.

As we increase our number of franchised studios, franchisees may also open studios in higher-cost markets, which could entail, among other expenses, greater lease payments and construction costs. The higher level of invested capital at these studios may require higher operating margins and higher net income per studio to produce the level of return we, franchisees and our potential franchisees expect. Failure to provide this level of return could adversely affect our business, results of operations, cash flows and financial condition.

Opening new studios in close proximity to existing studios may negatively impact existing studios' revenue and profitability.

Franchisees currently operate studios in 48 U.S. states and the District of Columbia, Canada, Australia, Japan, Saudi Arabia and South Korea, and we plan to continue to seek franchisees to open new studios in the

future, some of which will be in existing markets. We intend to continue opening new franchised studios in existing markets as part of our growth strategy, some of which may be located in close proximity to studios already in those markets. Opening new studios in close proximity to existing studios may attract some customers away from those existing studios, which may lead to diminished revenue and profitability for us and franchisees rather than increased market share. In addition, as a result of opening new studios in existing markets, and because older studios will represent an increasing proportion of our studio base over time, same store sales may be lower in future periods than they have been historically.

New brands or services that we launch in the future may not be as successful as we anticipate, which could have a material adverse effect on our business, results of operations, cash flows and financial condition.

We acquired Stretch Lab in November 2017, Row House in December 2017, AKT in March 2018, Yoga Six in July 2018, Stride in December 2018 and Rumble in March 2021. We launched our digital platform offerings in 2019. We may launch additional brands, services or products in the future. We cannot assure you that any new brands, services or products we launch will be accepted by consumers, that we will be able to recover the costs incurred in developing new brands, services or products, or that new brands, services or products will be successful. If new brands, services or products are not as successful as we anticipate, it could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Franchisees could take actions that harm our business.

Franchisees are contractually obligated to operate their studios in accordance with the operational, safety and health standards set forth in our agreements with them. Franchisees are independent third parties and their actions are outside of our control. In addition, we cannot be certain that franchisees will have the business acumen or financial resources necessary to operate successful franchises, and certain state franchise laws may limit our ability to terminate or modify our franchise agreements with them. Franchisees own, operate and oversee the daily operations of their studios, and their employees and independent contractors are not our employees or independent contractors. As a result, the ultimate success and quality of any studio rests with the franchisee. If franchisees do not operate their studios in a manner consistent with required standards and comply with local laws and regulations, franchise fees and royalties paid to us may be adversely affected and the image of our brands and our reputation could be harmed, which in turn could adversely affect our business, results of operations, cash flows and financial condition. Furthermore, we may have disputes with franchisees that could damage the image of our brands, our reputation and our relationships with franchisees.

Franchisees may not successfully execute our suggested best practices, which could harm our business.

Franchisees may not successfully execute our suggested best practices, which include our recommended plan for operating and managing a studio. We believe our suggested best practices provide key principles designed to help franchisees manage and operate a studio efficiently. If a franchisee is unable to manage or operate their studio efficiently, the performance and quality of service of the studio could be adversely affected, which could reduce customer engagement and negatively affect our royalty revenues and brand image. Further, we expect franchisees to follow our suggested best practices, and if a franchisee does not adopt the principles outlined by us, franchisees may not generate the revenue we expect and our forecasts and projections may be inaccurate, which in turn could adversely affect our business, results of operations, cash flows and financial condition.

We are subject to a variety of additional risks associated with franchisees.

Our franchise model subjects us to a number of risks, any one of which may impact our royalty revenues collected from franchisees, harm the goodwill associated with our brands, and materially and adversely impact our business, results of operations, cash flows and financial condition.

Franchisee bankruptcies. A franchisee bankruptcy could have a substantial negative impact on our ability to collect payments due under our agreements with such franchisee. In the event of a franchisee bankruptcy, the bankruptcy trustee may reject its franchise agreement or agreements, area development agreement or any other agreements pursuant to Section 365 under the U.S. Bankruptcy Code, in which case there would be no further royalty payments or any other payments from such franchisee, and we may not ultimately recover those payments in a bankruptcy proceeding of such franchisee in connection with a damage claim resulting from such rejection.

Franchisee changes in control. Franchisees are independent business owners. Although we have the right to approve franchisees, including any transferee franchisees, it can be difficult to predict in advance whether a particular franchisee will be successful. If an individual franchisee is unable to successfully establish, manage and operate its studio, the performance and quality of service of the studio could be adversely affected, which could reduce sales and negatively affect our royalty revenues, the image of our brands and our reputation. In the event of the death or disability of a franchisee (if a natural person) or a principal of a franchisee entity, the executors and representatives of the franchisee are required to transfer the relevant franchise agreements with us to the franchisee's heirs, trust, personal representative or conservator, as applicable. In any transfer situation, the transferee may not be able to perform the former franchisee's obligations under such franchise agreements and successfully operate the studio. In such a case, the performance and quality of service of the studio could be adversely affected, which could also reduce sales and negatively affect our royalty revenues, the image of our brands and our reputation.

Franchisee insurance. Franchise agreements require each franchisee to maintain certain insurance types at specified levels. Losses arising from certain extraordinary hazards, however, may not be covered, and insurance may not be available (or may be available only at prohibitively expensive rates) with respect to many other risks. Moreover, any loss incurred could exceed policy limits and policy payments made to franchisees may not be made on a timely basis. Any such loss or delay in payment could have a material adverse effect on a franchisee's ability to satisfy its obligations under its franchise agreement with us or other contractual obligations, which could negatively affect our operating and financial results.

Franchisees that are operating entities. Franchisees may be natural persons or legal entities. Franchisees that are operating companies (as opposed to limited purpose entities) are subject to business, credit, financial and other risks, which may be unrelated to the operation of their studios. These unrelated risks could materially and adversely affect a franchisee that is an operating company and its ability to service its customers and maintain studio operations while making royalty payments, which in turn may materially and adversely affect our business, results of operations, cash flows and financial condition.

Franchise agreement termination and nonrenewal. Each of our franchise agreements is subject to termination by us as the franchisor in the event of a default. The default provisions under our franchise agreements are drafted broadly and include, among other things, any failure to meet performance standards.

In addition, each of our franchise agreements has an expiration date. Upon the expiration of a franchise agreement, we or the franchisee may, or may not, elect to renew the franchise agreement. The franchise agreement renewal is contingent on, among other requirements, the franchisee's execution of the then-current form of franchise agreement (which may include increased royalty rates, advertising fees and other fees and costs), the satisfaction of certain conditions (including studio renovation and modernization and other requirements) and the payment of a renewal fee. If a franchisee is unable or unwilling to satisfy any of these requirements, the expiring franchise agreement will terminate upon the expiration of its term.

Franchisee litigation and effects of regulatory efforts. We and franchisees are subject to a variety of litigation risks, including, but not limited to, customer claims, personal injury claims, harassment claims, vicarious liability claims, litigation with or involving our relationship with franchisees, litigation alleging that the franchisees are our employees or that we are the co-employer of franchisees' employees, landlord/tenant

disputes, intellectual property claims, gift card claims, employee allegations of improper termination and discrimination, claims related to violations of the Americans with Disabilities Act of 1990 (the "ADA"), the Fair Labor Standards Act, the Occupational Safety and Health Act (the "OSHA") and other employment-related laws. Each of these claims may increase costs, reduce the execution of new franchise agreements and affect the scope and terms of insurance or indemnifications we and franchisees may have. Litigation against a franchisee or its affiliates by third parties or regulatory agencies, whether in the ordinary course of business or otherwise, may also include claims against us by virtue of our relationship with the defendant-franchisee, whether under vicarious liability, joint employer or other theories. In addition to such claims decreasing the ability of a defendant-franchisee to make royalty payments and diverting our management and financial resources, adverse publicity resulting from such allegations may materially and adversely affect us, the image of our brands and our reputation, regardless of whether the allegations are valid or we are liable. Our international operations may be subject to additional risks related to litigation, including difficulties in enforcement of contractual obligations governed by foreign law due to differing interpretations of rights and obligations, compliance with multiple and potentially conflicting laws, new and potentially untested laws and judicial systems, and reduced or diminished protection of intellectual property. A substantial judgment against us or one of our subsidiaries could materially and adversely affect our business, results of operations, cash flows and financial condition.

In addition, we, master franchisees, and franchisees are subject to various regulatory efforts, such as efforts to enforce employment laws, which include efforts to categorize franchisors as the co-employers of their franchisees' employees, legislation to categorize independent contractors as employees, legislation to categorize individual franchised businesses as large employers for the purposes of various employment benefits, and other legislation or regulations that may have a disproportionate impact on franchisors and/or franchised businesses. These efforts may impose greater costs and regulatory burdens on us and franchisees, and negatively affect our ability to attract and retain franchisees.

We could also become subject to class action or other lawsuits related to the above-described or different matters in the future. In the ordinary course of business, we are also the subject of regulatory actions regarding the enforceability of the non-compete clauses included in our franchise agreements. In particular, certain states have public policies that may call into question the enforceability of non-compete clauses. Regardless, however, of whether any claim brought against us in the future is valid or we are liable, such a claim would be expensive to defend and may divert time, money and other valuable resources away from our operations and, thereby, hurt our business.

Insurance may not be available at all or in sufficient amounts to cover any liabilities with respect to these or other matters. A judgment or other liability in excess of our insurance coverage for any claims, or any adverse publicity resulting from such claims, could adversely affect our business, results of operations, cash flows and financial condition.

Franchise agreements and franchisee relationships. Franchisees develop and operate their studios under terms set forth in our area development and franchise agreements, respectively. These agreements give rise to long-term relationships that involve a complex set of obligations and cooperation. We have a standard set of agreements that we typically use with franchisees. However, we reserve the right to negotiate terms of our franchise agreements with individual franchisees or groups of franchisees (*e.g.*, a franchisee association). We and franchisees may not always maintain a positive relationship or interpret our agreements in the same way. Our failure to have positive relationships with franchisees could individually or in the aggregate cause us to change or modify our business practices, which may make our franchise model less attractive to franchisees or their customers.

While our franchisee revenues are not concentrated among one or a small number of parties, the success of our business does depend in large part on our ability to maintain contractual relationships with franchisees in profitable studios. A typical franchise agreement has a ten-year term. No franchisee accounted for more than 5% of our total studios. If we fail to maintain or renew our contractual relationships with these significant franchisees

on acceptable terms, or if one or more of these significant franchisees were to become unable or otherwise unwilling to pay amounts due to us, our business, results of operations, cash flows and financial condition could be materially adversely affected.

Macroeconomic conditions or an economic downturn or uncertainty in our key markets could adversely affect discretionary spending and reduce demand for our and franchisees' services and products, which could adversely affect our and franchisees' ability to increase sales at existing studios or to open new studios.

Recessionary economic cycles, low consumer confidence, inflation, higher interest rates, higher levels of unemployment, higher consumer debt levels, higher tax rates and other changes in tax laws or other economic factors that may negatively affect our ability to attract franchisees and a decrease in discretionary consumer spending could reduce demand for health, fitness and wellness services and products, which could adversely affect our revenue and operating margins and make opening new studios more difficult. In recent years, the United States and other significant economic markets have experienced cyclical downturns and worldwide economic conditions remain uncertain. As global economic conditions continue to be volatile or economic uncertainty remains, trends in consumer discretionary spending also remain unpredictable and subject to reductions. Unfavorable economic conditions may decrease demand for our franchises. In addition, unfavorable economic conditions may lead consumers to have lower disposable income and reduce the frequency with which they purchase our and franchisees' services and products. In addition, disasters or outbreaks, such as the COVID-19 pandemic, as well as any resulting recession, depression or other long-term economic impact, could negatively impact consumer spending in the impacted regions or depending upon the severity, globally, which could adversely impact our or franchisees' operating results. This could result in fewer transactions or limitations on the prices we and franchisees can charge for services and products, either of which could reduce our sales and operating margins. All of these factors could have a material adverse impact on our results of operations and growth strategy.

Our future success depends on the continuing efforts of our key employees and franchisees' ability to attract and retain highly skilled personnel.

Our future success depends, in part, on the services of our senior management team and other key employees at our corporate headquarters, as well as on our and franchisees' ability to recruit, retain and motivate key employees. Competition for such employees can be intense, and the inability to identify, attract, develop, integrate and retain the additional qualified employees required to expand our and franchisees' activities, or the loss of current key employees, could adversely affect our and franchisees' operating efficiency and financial condition. In particular, we are highly dependent on the services of Anthony Geisler, our Chief Executive Officer and founder, who is critical to the development of our business, vision and strategic direction. We also heavily rely on the continued service and performance of our senior management team, including each of our brand presidents, who provide leadership, contribute to the core areas of our business and help us to efficiently execute our business. If our senior management team, including any new hires that we make in the future, fails to work together effectively and to execute our plans and strategies on a timely basis, our business and future growth prospects could be harmed.

Additionally, the loss of any key personnel could make it more difficult to manage our operations, reduce our employee retention and revenue and impair our ability to compete. Although we have entered into employment offer letters with certain of our key personnel, including Mr. Geisler, these letters have no specific duration and constitute at-will employment. We do not maintain key person life insurance policies on any of our employees.

Competition for highly skilled personnel is often intense. We and franchisees may not be successful in attracting, integrating or retaining qualified personnel to fulfill our or their needs. We have from time to time experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled employees with appropriate qualifications.

Our investments in underperforming studios may be unsuccessful, which could adversely affect our business, results of operations, cash flows and financial condition.

From time to time, we take ownership of underperforming studios with a view to improving the operating results of the studio and ultimately re-licensing it to a different franchisee. As a result of the COVID-19 pandemic, we took ownership of a larger number of studios in 2020 than we have taken in previous years. As of December 31, 2020, we had ownership of 40 studios, compared to 14 and four studios as of December 31, 2018 and 2019, respectively. As of March 31, 2021, we had ownership of 49 studios. There is no guarantee that we will be successful in improving the operating results of such a studio or refranchising it. If the costs of operating the studio are greater than expected, the studio is otherwise unattractive due to its location or otherwise or we are required to operate the studio for an extended period of time, our business, results of operations, cash flows and financial condition may be adversely affected. We are actively seeking to refranchise our company-owned studios, as operating company-owned studios is not a component of our business model. However, we may not be able to do so and we expect that if we have not been able to do so by December 31, 2021, we may choose to close most or all such studios to the extent they are not profitable at that time and would incur charges in connection therewith for asset impairment and lease termination, employee severance and related matters, which could adversely affect our business, results of operations, cash flows and financial condition. In addition, our operation of studios may also have the effect of heightening many of the other risks for us described in this "Risk Factors" section that are related to the franchisee's operation of its studios, such as those relating to our ability to attract and retain members, health and safety risks to our members, loss of key employees and changes in consumer preferences.

From time to time, we also make cash support payments to franchisees of underperforming studios. The support payments are intended to help franchisees improve their studios. The support payments may not be sufficient to help franchisees improve their results, and we may never realize a return on the support payments, which could materially and adversely affect our business, results of operations, cash flows and financial condition.

Disruptions in the availability of financing for current or prospective franchisees could adversely affect our business, results of operations, cash flows and financial condition.

Any decline in the capital markets or limits on credit availability may negatively affect the ability of current or prospective franchisees to access the financial or management resources that they need to open or continue operating the studios contemplated by their agreements with us. Franchisees generally depend upon financing from banks or other financial institutions in order to construct and open new studios and to provide working capital. If there is a decline in the credit environment, financing may become difficult to obtain for some or all of our current and prospective franchisees. If current or prospective franchisees face difficulty obtaining financing, the number of our franchised studios may decrease, franchise fee revenues and royalty revenues could decline and our planned growth may slow, which would negatively impact our business, results of operations, cash flows and financial condition.

Our Chief Executive Officer and founder owns ICI, which has provided financing to a limited number of franchisees, and ICI may lessen or discontinue lending to franchisees in the future, and as a result, franchisees may be unable to access funds to finance new studios on similar terms or timelines and our ability to have franchisees open new studios and increase our revenue could be materially adversely affected.

Our Chief Executive Officer and founder is the owner of ICI, which directly and indirectly has provided financing to a limited number of franchisees to fund working capital, equipment leases, franchise fees and other related expenses. It is possible that third parties would not provide comparable financing on comparable terms. ICI may lessen or discontinue lending to franchisees in the future and franchisees may be unable to obtain financing on the same or similar terms and our future growth could be adversely affected.

We operate in a highly competitive market and we may be unable to compete successfully against existing and future competitors.

Our services are offered in a highly competitive market. We face significant competition in every aspect of our business, including other fitness studios, personal trainers, health and fitness clubs, at-home fitness equipment, online fitness services and health and wellness apps. We also compete to sell franchises to potential franchisees who may choose to purchase franchises in boutique fitness from other operators, or franchises in other industries. Moreover, we expect the competition in our market to intensify in the future as new and existing competitors introduce new or enhanced services and products that compete with ours and as the industry continues to shift towards more online offerings. Franchisees compete with other fitness industry participants, including:

- other national and regional boutique fitness offerings, some of which are franchised and others of which are owned centrally at a corporate level;
- other fitness centers, including gyms and other recreational facilities;
- individually owned and operated boutique fitness studios;
- personal trainers;
- racquet, tennis and other athletic clubs;
- online fitness services and health and wellness apps;
- the home-use fitness equipment industry; and
- businesses offering similar services.

Our competitors may develop, or have already developed, services, products, features or technologies that are similar to ours or that achieve greater consumer acceptance, may undertake more successful service and product development efforts, create more compelling employment opportunities, franchise opportunities or marketing campaigns, or may adopt more aggressive pricing policies. Our competitors may develop or acquire, or have already developed or acquired, intellectual property rights that significantly limit or prevent our ability to compete effectively in the public marketplace. In addition, our competitors may have significantly greater resources than us, allowing them to identify and capitalize more efficiently upon opportunities in new markets and consumer preferences and trends, more quickly transition and adapt their services and products, devote greater resources to marketing and advertising, or be better positioned to withstand substantial price competition. If we are unable to compete effectively against our competitors, they may acquire and engage customers or generate revenue at the expense of our efforts, which could have an adverse effect on our business, results of operations, cash flows and financial condition.

Franchisees may be unable to attract and retain customers, which would materially and adversely affect our business, results of operations, cash flows and financial condition.

The success of our business depends on franchisees' ability to attract and retain customers. Our and franchisees' marketing efforts may not be successful in attracting customers to studios, and customer engagement may materially decline over time, especially at studios in operation for an extended period of time. Customers may cancel their memberships at any time after giving proper advance notice, subject to an initial minimum term applicable to certain memberships. Franchisees may also cancel or suspend memberships if a customer fails to provide payment. In addition, franchised studios experience attrition and must continually engage existing customers and attract new customers in order to maintain membership levels. Some of the factors that could lead

to a decline in customer engagement include changing desires and behaviors of consumers or their perception of our brands, changes in discretionary spending trends and general economic conditions, effects of outbreaks, such as the current COVID-19 pandemic, including consumer hesitancy to return to in-person indoor studios, social distancing requirements, stay-at-home orders and advisories, other restrictions suggested or mandated by governmental authorities, market maturity or saturation, a decline in our ability to deliver quality service at a competitive price, a decrease in monthly membership dues as a result of direct and indirect competition in our industry, a decline in the public's interest in health, fitness and wellness, or a decline in the public's interest in attending in-person fitness classes, among other factors. In order to increase membership levels, we may from time to time allow franchisees to offer promotions or lower monthly dues or annual fees. If we and franchisees are not successful in optimizing price or in increasing membership levels in new and existing studios, growth in monthly membership dues or annual fees may suffer. Any decrease in our average dues or fees or higher membership costs may adversely impact our business, results of operations, cash flows and financial condition.

If we are unable to anticipate and satisfy consumer preferences and shifting views of health, fitness and wellness, our business may be adversely affected.

Our success depends on our ability to identify and originate trends, as well as to anticipate and react to changing consumer preferences and demands relating to health, fitness and wellness, in a timely manner. Our business is subject to changing consumer preferences and trends that cannot be predicted with certainty. Developments or shifts in research or public opinion on the types of health, fitness and wellness services our brands provide could negatively impact consumers' preferences for such services and negatively impact our business. If we are unable to introduce new or enhanced offerings in a timely manner, or if our new or enhanced offerings are not accepted by consumers, our competitors may introduce similar offerings faster than us, which could negatively affect our rate of growth. Moreover, our new offerings may not receive consumer acceptance as preferences could shift rapidly to different types of health, fitness and wellness offerings or away from these types of offerings altogether, and our future success depends in part on our ability to anticipate and respond to these shifts. For example, during the COVID-19 pandemic, many of our members have shifted to at-home workouts. We are unable to predict whether our active membership levels will return to the same levels as our franchisees experienced before the COVID-19 pandemic. Failure to anticipate and respond in a timely manner to changing consumer preferences and demands could lead to, among other things, lower revenue at our franchised studios and, therefore, lower revenue from royalties. Even if we are successful in anticipating consumer preferences and demands, our ability to adequately react to and address them will partially depend upon our continued ability to develop and introduce innovative, high-quality offerings. Development of new or enhanced offerings may require significant time and financial investment, which could result in increased costs and a reduction in our operating margins. For example, we have historically incurred higher levels of sales and marketing expenses accompanying the introduction of each brand and service.

Our planned growth could place strains on our management, employees, information systems and internal controls, which may adversely impact our business.

Since our founding in 2017, we have experienced significant growth in our business activities and operations. This expansion has placed, and our planned future expansion may place, significant demands on our administrative, operational, financial and other resources. Any failure to manage growth effectively could seriously harm our business. To be successful, we will need to continue to implement management information systems and improve our operating, administrative, financial and accounting systems and controls. We will also need to train new employees and maintain close coordination among our executive, accounting, finance, legal, human resources, risk management, marketing, technology, sales and operations functions. These processes are time-consuming and expensive, increase management responsibilities and divert management attention, and we may not realize a return on our investment in these processes. In addition, we believe the culture we and franchisees foster at studios is an important contributor to our success. However, as we expand we may have difficulty maintaining our culture or adapting it sufficiently to meet the needs of our operations. These risks may be heightened as our growth accelerates. In 2019, franchisees opened 400 studios, compared to 258 studios in 2018 and 231 studios in 2017, in North America on an adjusted basis to reflect historical information of the

brands we have acquired. In 2020, franchisees opened 241 studios in North America on an adjusted basis to reflect historical information of the brands we have acquired. Our failure to successfully execute on our planned expansion of studios could materially and adversely affect our business, results of operations, cash flows and financial condition.

Our business is subject to various laws and regulations and changes in such laws and regulations, our or franchisees' failure to comply with existing or future laws and regulations, could adversely affect our business, results of operations, cash flows and financial condition.

We are subject to a trade regulation rule on franchising, known as the FTC Franchise Rule, promulgated by the U.S. Federal Trade Commission (the "FTC"), which regulates the offer and sale of franchises in the United States and its territories and requires us to provide to all prospective franchisees certain mandatory disclosure in a franchise disclosure document ("FDD"). In addition, we are subject to state franchise sales laws in approximately 19 U.S. states that regulate the offer and sale of franchises by requiring us to make a business opportunity exemption or franchise filing or obtain franchise registration prior to making any offer or sale of a franchise in those states and to provide a FDD to prospective franchisees. We are subject to franchise sales laws in six provinces in Canada that regulate the offer and sale of franchises by requiring us to provide a FDD in a prescribed format to prospective franchisees and that further regulate certain aspects of the franchise relationship. Our failure to comply with such franchise sales laws may result in a franchisee's right to rescind its franchise agreement and damages and may result in investigations or actions from federal or state franchise authorities, civil fines or penalties, and stop orders, among other remedies. We are also subject to franchise relationship laws in at least 22 U.S. states that regulate many aspects of the franchise relationship, including renewals and terminations of franchise agreements, franchise transfers, the applicable law and venue in which franchise disputes must be resolved, discrimination and franchisees' right to associate, among others. Our failure to comply with such franchise relationship laws may result in fines, damages and our inability to enforce franchise agreements where we have violated such laws. In addition, in certain states under certain circumstances, such as allegations of fraud, we may be temporarily prevented from offering or selling franchises until either our annual FDD filing, or any amendment to our FDD filing, is accepted by the relevant regulatory agency. Our non-compliance with franchise sales laws or franchise relationship laws could result in our liability to franchisees and regulatory authorities as described above, our inability to enforce our franchise agreements, inability to sell licenses and a reduction in our anticipated royalty or franchise revenue, which in turn may materially and adversely affect our business, results of operations, cash flows and financial condition.

We and franchisees are also subject to the Fair Labor Standards Act of 1938, as amended, and various other laws in the United States and Canada governing such matters as minimum-wage requirements, overtime and other working conditions. A significant number of our and franchisees' employees are paid at rates related to the U.S. federal minimum wage. Increases in the U.S. federal minimum wage would increase our and franchisees' labor costs, which might result in our and franchisees' inadequately staffing studios. Such increases in labor costs and other changes in labor laws could affect studio performance and quality of service, decrease royalty revenues and adversely affect our brands.

Our and franchisees' operations and properties are subject to extensive U.S. and Canadian federal, state, provincial and local laws and regulations, as well laws and regulations in other countries in which we and franchisees have begun operating, or in the future may operate, including those relating to environmental, building and zoning requirements. Our and franchisees' development of properties depends to a significant extent on the selection and acquisition of suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations and requirements. Failure to comply with these legal requirements could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability, which could adversely affect our business, results of operations, cash flows and financial condition.

We and franchisees are responsible at the studios we operate for compliance with state and provincial laws that regulate the relationship between studios and their customers. Many states and provinces have

consumer protection regulations that may limit the collection of dues or fees prior to a studio opening, require disclosure of certain pricing information, mandate the maximum length of membership contracts and "cooling off" periods for customers after the purchase of a membership, set escrow and bond requirements for studios, govern customer rights in the event of a customer relocation or disability, provide for specific customer rights when a studio closes or relocates or preclude automatic membership renewals. Our or franchisees' failure to comply fully with these rules or requirements may subject us or franchisees to fines, penalties, damages and civil liability, or result in membership contracts being void or voidable. In addition, states may modify these laws and regulations in the future. Any additional costs which may arise in the future as a result of changes to the legislation and regulations or in their interpretation could individually or in the aggregate cause us to change or limit our business practices, which may make our business model less attractive to franchisees or their customers.

We currently are, and may in the future be, subject to legal proceedings, regulatory disputes and governmental inquiries that could cause us to incur significant expenses, divert our management's attention, and materially harm our business, results of operations, cash flows and financial condition.

From time to time, we may be subject to claims, lawsuits, government investigations and other proceedings involving competition and antitrust, intellectual property, privacy, consumer protection, securities, tax, labor and employment, gift cards, commercial disputes and other matters that could adversely affect our business, results of operations, cash flows and financial condition. In the ordinary course of business, we are the subject of complaints or litigation, including litigation related to acquisitions, classification of independent contractors, trademark disputes, claims related to misrepresentations in our franchise disclosure documents and claims related to our franchise agreements or employment agreements. For example, suits have been brought against us by founders of brands we have acquired, alleging, among other complaints, breach of contract. If any of these lawsuits are decided adversely against us, it may adversely affect our business, results of operations, cash flows and financial condition. Litigation related to laws or regulations, or changes in laws or regulations, governing instructor certifications may also adversely affect our or franchisees' businesses. For example, suits have been brought against Stretch Lab franchisees alleging that flexologists must be certified massage therapists. If any of these lawsuits are decided adversely against franchisees, or laws or regulations regarding instructor certifications change, franchisees may face increased labor costs, which could adversely affect the franchisee's business and results of operations, which may adversely affect our business, results of operations, cash flows and financial condition.

Litigation and regulatory proceedings may be protracted and expensive, and the results are difficult to predict. Additionally, our litigation costs could be significant. Adverse outcomes with respect to litigation or any of these legal proceedings may result in significant settlement costs or judgments, penalties and fines, or require us to modify, make temporarily unavailable or stop offering or selling certain services or products, all of which could negatively affect our sales and revenue growth. In particular, any allegations of fraud could temporarily prevent us from offering or selling franchises in certain states for a period of time.

The results of litigation, investigations, claims and regulatory proceedings cannot be predicted with certainty, and determining reserves for pending litigation and other legal and regulatory matters requires significant judgment. There can be no assurance that our expectations will prove correct, and even if these matters are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could harm our business, results of operations, cash flows and financial condition.

We, master franchisees and franchisees could be subject to claims related to health and safety risks to customers that arise while at our and franchisees' studios.

The use of our and franchisees' studios poses some potential health and safety risks to customers through, among other things, physical exertion and the physical nature of the services offered. Claims might be asserted against us and franchisees for a customer's death or injury sustained while exercising and using the

facilities at a studio, for harassment in connection with services offered at a studio, or product liability claims arising from use of equipment in the studio, and we may be named in such a suit even if the products claim relates to the operations or facilities of a franchisee. We may not be able to successfully defend such claims. We also may not be able to maintain our general liability insurance on acceptable terms in the future or maintain a level of insurance that would provide adequate coverage against potential claims. In addition, adverse publicity resulting from such allegations may materially and adversely affect us, the image of our brands and our reputation, regardless of whether such allegations are valid or we are liable. Depending upon the outcome, these matters may have a material adverse effect on our business, results of operations, cash flows and financial condition.

We, master franchisees and franchisees rely heavily on information systems provided by a single provider, and any material failure, interruption, weakness or termination with such supplier may prevent us from effectively operating our business and damage our reputation.

We and franchisees in North America increasingly rely on information systems provided by ClubReady, LLC ("ClubReady"), including thepoint-of-sale processing systems in our franchised studios and other information systems managed by ClubReady, to interact with franchisees and customers and to collect and maintain customer information or other personally identifiable information, including for the operation of studios, collection of cash, management of our equipment supply chain, accounting, staffing, payment of obligations, Automated Clearing House ("ACH") transactions, credit and debit card transactions and other processes and procedures. Our and franchisees' ability to efficiently and effectively manage studios depends significantly on the reliability and capacity of these systems, and any potential failure of ClubReady to provide quality uninterrupted service is beyond our and their control.

We recently notified ClubReady of a breach of contract related to our position that ClubReady had failed to meet its contractual performance obligations, and that we intend to move forward with litigation if the breach is not cured. If we ultimately terminate our relationship with ClubReady, we may incur substantial delays and expense in finding and integrating an alternative studio management and payment service provider into our operating systems. We believe there are alternate studio management and payment service providers that are capable of supporting our platform and franchisees, however the integration of the new system could temporarily disrupt our and franchisees' business and the quality and reliability of such alternative service provider may not be comparable to that of ClubReady.

Franchisees outside of North America also rely on information systems, and any disruption in such information systems could negatively impact such franchisees' operations, which could adversely affect our business, results of operations or financial condition.

Our and franchisees' operations depend upon our and their ability, as well as the ability of third-party service providers such as ClubReady, to protect our and their computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses, denial-of-service attacks and other disruptive problems. The failure of these systems to operate effectively, maintenance problems, upgrading or transitioning to new platforms, expanding our systems as we grow, a breach in security of these systems or other unanticipated problems could result in interruptions to or delays in our business and customer service and reduce efficiency in our operations. In addition, the implementation of technology changes and upgrades to maintain current and integrate new systems, as well as transitions from one service provider to another, may cause service interruptions, operational delays due to the learning curve associated with using a new system, transaction processing errors and system conversion delays and may cause us to fail to comply with applicable laws. If our, franchisees' or our third-party service providers' information systems fail and the back-up or disaster recovery plans are not adequate to address such failures, our revenue could be reduced and the image of our brands and our reputation could be materially adversely affected. If we need to move to a different third-party system, our operations could be interrupted. In addition, remediation of such problems could result in significant, unplanned operating or capital expenditures.

If we, master franchisees, franchisees or ClubReady fail to properly maintain the confidentiality and integrity of our data, including customer credit, debit card and bank account information and other personally identifiable information, we could incur significant liability or become subject to costly litigation and our reputation and business could be materially and adversely affected.

In the ordinary course of business, we, master franchisees, and franchisees collect, use, transmit, store and otherwise process customer and employee data, including credit and debit card numbers, bank account information, driver's license numbers, dates of birth and other highly sensitive personally identifiable information, in information systems that we, master franchisees, franchisees or our third-party service providers, including ClubReady, maintain. Some of this data is sensitive and could be an attractive target of criminal attack by malicious third parties with a wide range of motives and expertise, including organized criminal groups, hackers, "hactivists," disgruntled current or former employees, and others. The integrity and protection of that customer and employee data is critical to us.

Despite the security measures we have in place to comply with applicable laws and rules, our, master franchisees', franchisees' and our third-party service providers' facilities and systems may be vulnerable to both external and internal threats, including security breaches, acts of cyber terrorism or sabotage, vandalism or theft, misuse, unauthorized access, computer viruses, ransomware, denial-of-service attacks, misplaced, corrupted or lost data, programming or human errors or other similar events. Certain of our third-party service providers lack sufficient design and implementation of general information technology controls and we lack sufficient controls over information provided by certain third-party service providers, which could expose us to any of the foregoing risks. A number of retailers and other companies have recently experienced serious cyber security breaches of their information technology systems. Furthermore, the size and complexity of our, master franchisees', franchisees' and our third-party service providers' information systems make such systems potentially vulnerable to security breaches from inadvertent or intentional actions by our employees, franchisees or vendors, or from attacks by malicious third parties. Because such attacks are increasing in sophistication and change frequently in nature, we, franchisees, master franchisees and our third-party service providers may be unable to anticipate these attacks or implement adequate preventative measures, and any compromise of our or their systems may not be discovered promptly.

Under certain laws, regulations and contractual obligations, a cybersecurity breach could also require us to notify customers, employees or other groups of the incident. For example, laws in all 50 U.S. states require businesses to provide notice to clients whose personal information has been disclosed as a result of a data breach. These laws are not consistent, and compliance in the event of a widespread data breach is difficult and may be costly. Moreover, states have been frequently amending existing laws, requiring attention to changing regulatory requirements. The forgoing could result in adverse publicity, loss of sales and revenue, or an increase in fees payable to third parties. It could also result in significant fines, penalties orders, sanctions and proceedings or actions against us by governmental bodies and other regulatory authorities, clients or third parties or remediation and other costs that could adversely affect our business, results of operations, cash flows and financial condition. Any such proceeding or action could damage our reputation, force us to incur significant expenses in defense of these proceedings, distract our management, increase our costs of doing business or result in the imposition of financial liability.

Furthermore, we may be required to disclose personal data pursuant to demands from individuals, privacy advocates, regulators, and government and law enforcement agencies in various jurisdictions with conflicting privacy and security laws. This disclosure or the refusal to disclose personal data may result in a breach of privacy and data protection policies, notices, laws, rules, court orders and regulations and could result in proceedings or actions against us in the same or other jurisdictions, damage to the image of our brands and our reputation, and our inability to provide our services and products to consumers in certain jurisdictions.

A security breach involving the misappropriation, loss or other unauthorized disclosure of personal, sensitive or confidential information, whether by us, franchisees or our third-party service providers, could have

material adverse effects on our and franchisees' business, operations, brands, reputation and financial condition, including decreased revenue, material fines and penalties, litigation, increased financial processing fees, compensatory, statutory, punitive or other damages, adverse actions against our licenses to do business and injunctive relief by court or consent order. We maintain cyber risk insurance, but do not require franchisees to do so. In the event of a significant data security breach, our insurance may not cover all our losses that we would be likely to suffer and in addition, franchisees may not have any or adequate coverage.

Failure by us, master franchisees, franchisees or third-party service providers to comply with existing or future data privacy laws and regulations could have a material adverse effect on our business.

The collection, maintenance, use, disclosure and disposal of personally identifiable information by us, master franchisees and franchisees is regulated by federal, state and provincial governments and by certain industry groups, including the Payment Card Industry organization and the National Automated Clearing House Association. Federal, state, provincial governments and industry groups may also consider and implement from time to time new privacy and security requirements that apply to us and franchisees. Compliance with evolving privacy and security laws, requirements and regulations may result in cost increases due to necessary systems changes, new limitations or constraints on our business models and the development of new administrative processes. They also may impose further restrictions on our collection, disclosure and use of personally identifiable information that is stored in one or more of our, master franchisees', franchisees' or our third-party service providers' databases.

The U.S. federal government and various states and governmental agencies have adopted or are considering adopting various laws, regulations and standards regarding the collection, use, retention, security, disclosure, transfer and other processing of sensitive and personal information. Certain state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to sensitive and personal information than federal, international or other state laws, and such laws may differ from each other, which may complicate compliance efforts. For example, the California Consumer Privacy Act (the "CCPA"), which increases privacy rights for California residents and imposes obligations on companies that process their personal information, came into effect on January 1, 2020. Among other things, the CCPA requires covered companies to provide new disclosures to California consumers and provide such consumers new data protection and privacy rights, including the ability to opt-out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. The CCPA was amended in September 2018 and November 2019, and it is possible that further amendments will be enacted, but even in its current format, it remains unclear how various provisions of the CCPA will be interpreted and enforced. Additionally, California voters approved a new privacy law, the California Privacy Rights Act (the "CPRA"), in the November 2020 election. Effective starting on January 1, 2023, the CPRA will significantly modify the CCPA, including by expanding consumers' rights with respect to certain sensitive personal information. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and the CPRA. There are many other state-based data privacy and security laws and regulations that may impact our business. All of these evolving compliance and operational requirements impose significant costs that are likely to increase over time, may require us to modify our data processing practices and policies, divert resources from other initiatives and projects and could restrict the way services involving data are offered, all of which may adversely affect our business, results of operations, cash flows and financial condition. State laws are changing rapidly and there is discussion in Congress of a new federal data protection and privacy law to which we may be subject.

As we expand internationally, we may become subject to additional data privacy laws and regulations, including the European Union's General Data Protection Regulation (the "GDPR"), which went into effect in May 2018 and which imposes additional obligations on companies with respect to the processing of personal data and the cross-border transfer of such data. The GDPR imposes onerous accountability obligations requiring data controllers and processors to maintain a record of their data processing and policies. If our ,master franchisees',

franchisees' or service providers' privacy or data security measures fail to comply with the GDPR requirements, we may be subject to litigation, regulatory investigations, enforcement notices requiring us to change the way we use personal data and/or fines of up to 20 million Euros or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, as well as compensation claims by affected individuals, negative publicity, reputational harm and a potential loss of business and goodwill. While we continue to address the implications of the recent changes to European Union data privacy regulations, data privacy remains an evolving landscape at both the domestic and international level, with new regulations coming into effect and continued legal challenges, and our efforts to comply with the evolving data protection rules may be unsuccessful. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our practices. Accordingly, we may be required to devote significant resources to understanding and complying with this changing landscape.

Noncompliance with privacy laws, industry group requirements or a security breach involving the misappropriation, loss or other unauthorized disclosure of personal, sensitive or confidential information, whether by us, franchisees or our third-party service providers, could have material adverse effects on our and franchisees' business, operations, brands, reputation and financial condition, including decreased revenue, material fines and penalties, litigation, increased financial processing fees, compensatory, statutory, punitive or other damages, adverse actions against our licenses to do business and injunctive relief by court or consent order.

Changes in legislation or requirements related to electronic funds transfer, or our or franchisees' failure to comply with existing or future regulations, may adversely impact our business, results of operations, cash flows and financial condition.

We and franchisees accept payments for our services through electronic funds transfers ("EFTs") from customers' bank accounts and, therefore, we are subject to federal, state and provincial legislation and certification requirements governing EFTs, including the Electronic Funds Transfer Act. Some states, such as New York and Tennessee, have passed or considered legislation requiring health and fitness clubs to offer a prepaid membership option at all times and/or limit the duration for which memberships can auto-renew through EFTs, if at all. Our business relies heavily on the fact that franchisees' customers continue on a month-to-month basis after the completion of any initial term requirements, and compliance with these laws and regulations and similar requirements may be onerous and expensive. In addition, variances and inconsistencies from jurisdiction to jurisdiction may further increase the cost of compliance and doing business. States that have such health and fitness club statutes provide harsh penalties for violations, including membership contracts being void or voidable. Our failure to comply fully with these rules or requirements may subject us to fines, higher transaction fees, penalties, damages and civil liability and may result in the loss of our and franchisees' ability to accept EFTs, which would have a material adverse effect on our and franchisees' businesses, results of operations, cash flows and financial condition. In addition, any such costs that may arise in the future as a result of changes to such legislation and regulations or in their interpretation, could individually or in the aggregate cause us to change or limit our business practice, which may make our business model less attractive to franchisees and our and their members.

We and franchisees are subject to a number of risks related to ACH, credit card, debit card and gift card payments we accept.

We and franchisees accept payments through ACH, credit card, debit card and gift card transactions. Acceptance of these payment options subjects us and franchisees to rules, regulations, contractual obligations and compliance requirements, including payment network rules and operating guidelines, data security standards and certification requirements, and rules governing electronic funds transfers. For ACH, credit card and debit card payments, we and franchisees pay interchange and other fees, which may increase over time. An increase in those fees would require us to either increase the prices we or franchisees charge for our services and products, which could cause us to lose franchisees or franchisees to lose customers or suffer an increase in operating expenses, either of which could harm our business, results of operations and financial condition.

If we or any of our processing vendors have problems with our billing software, or the billing software malfunctions, it could have an adverse effect on customer satisfaction and could cause one or more of the major credit card companies to disallow continued use of their payment products. In addition, if our billing software fails to work properly and, as a result, customers' credit cards, debit cards or bank accounts are not properly charged on a timely basis or at all, we could lose revenue, which would harm our results of operations. In addition, if we or any of our processing vendors experience a cybersecurity breach affecting data related to services provided to us, we could experience reputational damage or incur liability. Further, we and any of our processing vendors must comply with the standards set by the payment card industry ("PCI"). If we or any of our vendors fail to comply with PCI protocols, we could be subject to fines.

If we fail to adequately control fraudulent ACH, credit card and debit card transactions, we may face civil liability, diminished public perception of our security measures and significantly higher ACH, credit card and debit card related costs, each of which could adversely affect our business, results of operations, cash flows and financial condition. The termination of our ability to accept payments through ACH, credit or debit card transactions would significantly impair our and franchisees' ability to operate our businesses.

In addition, we and franchisees offer gift cards for classes at our and franchisees' studios. Certain states include gift cards under their abandoned and unclaimed property laws and require companies to remit to the state cash in an amount equal to all or a designated portion of the unredeemed balance on the gift cards based on certain card attributes and the length of time that the cards are inactive. To date we have not remitted any amounts relating to unredeemed gift cards to states based upon our assessment of applicable laws. The analysis of the potential application of the abandoned and unclaimed property laws to our gift cards is complex, involving an analysis of constitutional, statutory provisions and factual issues. In the event that one or more states change their existing abandoned and unclaimed property laws or successfully challenge our or franchisees' positions on the application of its abandoned and unclaimed property laws to gift cards, our or franchisees' liabilities with respect to unredeemed gift cards may be material and may negatively affect our and franchisees' business, results of operations, cash flows and financial condition.

Our dependence on a limited number of suppliers for certain equipment, services and products could result in disruptions to our business and could adversely affect our revenue and results of operation.

Certain equipment, services and products used in franchisees' studios, including exercise equipment and point-of-sale software and hardware, are sourced from third-party suppliers. The ability of these third-party suppliers to successfully provide reliable and high-quality equipment, services and products is subject to technical and operational uncertainties that are beyond our or franchisees' control. Any disruption to our third-party suppliers' operations could impact our supply chain and our ability to service existing studios and open new studios on time or at all and thereby generate revenue. If we lose these third-party suppliers or such suppliers encounter financial hardships unrelated to our or franchisees' demand for their equipment, services or products, we may be unable to identify or enter into agreements with alternative suppliers on a timely basis on acceptable terms, if at all. Transitioning to new suppliers would be time consuming and expensive and may result in interruptions in our and franchisees' operations. If we should encounter delays or difficulties in securing the quantity of equipment, services and products that we or franchisees require to service existing studios and open new studios, our third-party suppliers encounter difficulties meeting our and franchisees' demands for equipment, services or products, our or franchisees' websites experience delays or become impaired due to errors in the third-party technology or there is a deficiency, lack or poor quality of equipment, services or products provided, our ability to serve franchisees and their customers, as well as to grow our brands, would be interrupted. If any of these events occur, it could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Our intellectual property rights, including trademarks and trade names, may be infringed, misappropriated or challenged by others.

Our brands and related intellectual property are important to our continued success. If we were to fail to successfully protect our intellectual property rights for any reason, or if any third party misappropriates, dilutes or infringes our intellectual property, the value of our brands may be harmed, which could have an adverse effect on our business, results of operations, cash flows and financial condition. Any damage to the image of our brands or our reputation could cause sales to decline or make it more difficult to attract new franchisees and customers.

We have been and may in the future be required to initiate litigation to enforce our trademarks, service marks and other intellectual property. Third parties have and may in the future assert that we have infringed, misappropriated or otherwise violated their intellectual property rights, which could lead to litigation against us. Litigation is inherently uncertain and could divert the attention of management, result in substantial costs and diversion of resources and could negatively affect our sales and results of operations regardless of whether we are able to successfully enforce or defend our rights.

We and franchisees are dependent on certain music licenses to permit franchisees to use music in their studios and to supplement workouts. Any failure to secure such licenses or to comply with the terms and conditions of such licenses may lead to third-party claims or lawsuits against us and/or franchisees and could have an adverse effect on our business.

We obtain, and require franchisees to obtain, certain music licenses in connection with our digital platform, for use during classes and for ambiance in our and our franchisees' studios. In some cases, we require franchisees to license rights to music included on specific playlists that we provide. If we or franchisees fail to comply with any of the obligations under such license agreements, we or franchisees may be required to pay damages and the licensor may have the right to terminate the license. Termination by the licensor would cause us and franchisees to lose valuable rights, and could negatively affect our operations. Our business would suffer if any current or future licenses expire or if we or franchisees are unable to enter into necessary licenses on acceptable terms. In addition, the royalties and other fees payable by us and franchisees under these agreements could increase in the future, which could negatively affect our business.

Our quarterly results of operations and other operating metrics may fluctuate from quarter to quarter, which makes these results and metrics difficult to predict.

Our quarterly results of operations and other operating metrics have fluctuated in the past and may continue to fluctuate from quarter to quarter. Additionally, our limited operating history makes it difficult to forecast our future results. As a result, you should not rely on our past quarterly results of operations as indicators of future performance. You should take into account the risks and uncertainties frequently encountered by companies in rapidly evolving markets. Our financial condition and results of operations in any given quarter can be influenced by numerous factors, many of which we are unable to predict or are outside of our control, including:

- franchisees' ability to maintain and attract new customers and increase their usage of their studios;
- delays in opening new studios;
- the continued market acceptance of, and the growth of the boutique fitness market;
- our ability to maintain and attract new franchisees;
- our development and improvement of the quality of the studio experience, including enhancing existing and creating new services and products;

- strategic actions by us or competitors;
- additions or departures of our senior management or other key personnel;
- sales, or anticipated sales, of large blocks of our stock;
- guidance, if any, that we provide to the public, as well as any changes in this guidance or our failure to meet this guidance;
- results of operations that vary from expectations of securities analysis and investors;
- issuance of new or changed securities analysts' reports or recommendations;
- system failures or breaches of security or privacy;
- seasonality;
- constraints on the availability of franchisee financing;
- our ability to maintain operating margins;
- the diversification and growth of our revenue sources;
- our successful expansion into international markets;
- increases in marketing, sales and other operating expenses that we may incur to grow and expand our operations and to remain competitive;
- pricing pressure as a result of competition or otherwise;
- the timing and success of new product, service, feature and content introductions by us or our competitors or any other change in the competitive landscape of our market;
- the expansion of our digital platform;
- announcement by us, our competitors or vendors of significant contracts or acquisitions;
- public response to press releases or other public announcements by us or third parties, including our filings with the SEC;
- adverse litigation judgments, settlements or other litigation-related costs, including content costs for past use;
- delays by regulators in accepting our annual FDD filing or amendments to our FDD filing;
- changes in the legislative or regulatory environment, including with respect to privacy and advertising, or enforcement by government regulators, including fines, orders or consent decrees;
- fluctuations in currency exchange rates and changes in the proportion of our revenue and expenses denominated in foreign currencies;
- changes in our effective tax rate;

- changes in accounting standards, policies, guidance, interpretations or principles, including changes in fair value measurements or impairment charges;
- global pandemics, such as the current COVID-19 pandemic; and
- changes in business or macroeconomic conditions, including lower consumer confidence, recessionary conditions, increased unemployment rates, or stagnant or declining wages.

Any one of the factors above or the cumulative effect of some of the factors above may result in significant fluctuations in our results of operations.

The variability and unpredictability of our quarterly results of operations or other operating metrics could result in our failure to meet our expectations or those of analysts that cover us or investors with respect to revenue or other results of operations for a particular period.

You should not rely on past increases in same store sales as an indication of our future results of operations because they may fluctuate significantly.

The level of same store sales is a significant factor affecting our ability to generate revenue. Same store sales reflect the change in period-over-period sales for North America same store base. We define the same store base to include only sales from studios in North America that have been open for at least 13 calendar months.

A number of factors have historically affected, and will continue to affect, our same store sales, including, among other factors:

- competition;
- overall economic trends, particularly those related to consumer spending;
- franchisees' ability to operate studios effectively and efficiently to meet consumer expectations;
- changes in the prices franchisees charge for memberships or classes;
- studio closures due to the COVID-19 pandemic and responses to the COVID-19 pandemic; and
- marketing and promotional efforts.

Therefore, the increases in historical same store sales growth should not be considered indicative of our future performance. In particular, a number of our brands have a limited number of studios operating, and the limited operating data makes it difficult to forecast results, and as a result, same store sales may differ materially from our projections.

Use of social media may adversely impact our reputation or subject us to fines or other penalties.

There has been a substantial increase in the use of social media platforms, including blogs, social media websites and other forms of internet-based communication, which allow individuals access to a broad audience of consumers and other interested persons. Negative commentary about us and our brands may be posted on social media platforms or similar media at any time and may harm the image of our brands and our or franchisees' reputations or businesses. Consumers value readily available information about fitness studios and often act on such information without further investigation or regard to its accuracy. The harm may be immediate without affording us an opportunity for redress or correction.

We also use social media platforms as marketing tools. For example, we maintain Facebook and Twitter accounts for us and each of our brands. As laws and regulations rapidly evolve to govern the use of these platforms and media, the failure by us, our employees, franchisees or third parties acting at our direction to abide by applicable laws and regulations in media could adversely impact our and franchisees' business, results of operations, cash flows and financial condition or subject us to fines or other penalties.

We may require additional capital to support business growth and objectives, and this capital might not be available to us on attractive terms, if at all, and may result in stockholder dilution.

We expect that our existing cash and cash equivalents, together with our net proceeds from this offering, will be sufficient to meet our anticipated cash needs for at least the next twelve months. In addition, we intend to continue to make investments to support our business growth and may require additional capital to fund our business and to respond to competitive challenges, including the need to promote our services and products, develop new services and products, enhance our existing services, products and operating infrastructure and, potentially, to acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such additional funding will be available on terms attractive to us, or at all. Our inability to obtain additional funding when needed could have an adverse effect on our business, results of operations, cash flows and financial condition. If additional funds are raised through the issuance of equity or convertible debt securities, holders of our Class A common stock could suffer significant dilution, and any new shares we issue could have rights, preferences and privileges superior to those of our Class A common stock. Our outstanding credit facility includes a number of covenants that limit our and our subsidiaries' ability to, among other things, incur additional indebtedness or create liens, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. Any debt financing secured by us in the future could include similar or more restrictive covenants, which may likewise limit our ability to obtain additional capital and pursue business opportunities.

We may engage in merger and acquisition activities, which could require significant management attention, disrupt our business, dilute stockholder value and adversely affect our results of operations.

As part of our business strategy, we acquired our first company in 2017, and we have made and may in the future make investments in other companies. We may be unable to find suitable acquisition candidates and to complete acquisitions on favorable terms, if at all, in the future. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals and any acquisitions we complete could be viewed negatively by customers or investors. Moreover, an acquisition, investment or business relationship may result in unforeseen operating difficulties and expenditures, including disrupting our ongoing operations, diverting management from their primary responsibilities, subjecting us to additional liabilities, increasing our expenses and adversely impacting our business, results of operations, cash flows and financial condition. Moreover, we may be exposed to unknown liabilities and the anticipated benefits of any acquisition, investment or business relationship may not be realized, if, for example, we fail to successfully integrate such acquisitions, or the technologies associated with such acquisitions, into our company.

To pay for any such acquisitions, we would have to use cash, incur debt or issue equity securities, each of which may affect our financial condition or the value of our capital stock, as well as result in dilution to holders of our Class A common stock. If we incur more debt, it would result in increased fixed obligations and could subject us to covenants or other restrictions that would impede our ability to manage our operations.

If any of our retail products are unacceptable to us or franchisees' customers, our business could be harmed.

We have occasionally received, and may in the future continue to receive, shipments of retail products that fail to comply with our technical specifications or that fail to conform to our quality control standards. We have also received, and may in the future continue to receive, products that either meet our technical specifications but that are nonetheless unacceptable to us, or products that are otherwise unacceptable to

franchisees' customers. Under these circumstances, unless we are able to obtain replacement products in a timely manner, we risk the loss of revenue resulting from the inability to sell those products and related increased administrative and shipping costs. Additionally, if the unacceptability of our products is not discovered until after such products are purchased by franchisees' customers, these customers could lose confidence in the quality of our retail products, which could have an adverse effect on the image of our brands, our reputation and our results of operations.

We may face exposure to foreign currency exchange rate fluctuations.

While we have historically transacted in U.S. dollars, we have transacted in some foreign currencies, such as the Canadian Dollar, and may transact in more foreign currencies in the future. Accordingly, changes in the value of foreign currencies relative to the U.S. dollar can affect our revenue and results of operations. As a result of such foreign currency exchange rate fluctuations, it could be more difficult to detect underlying trends in our business and results of operations. In addition, to the extent that fluctuations in currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors, the trading price of our Class A common stock could be lowered. We do not currently maintain a program to hedge transactional exposures in foreign currencies. However, in the future, we may use derivative instruments, such as foreign currency forward and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place and may introduce additional risks if we are unable to structure effective hedges with such instruments.

Failure to comply with anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act and similar laws associated with our activities outside of the United States, could subject us to penalties and other adverse consequences.

We currently have franchised studios in Canada, signed master franchise agreements governing the development of franchised studios in Australia, Japan, Saudi Arabia, Singapore, South Korea and Spain, entered into international expansion agreements in the Dominican Republic, Austria and Germany and plan to continue to grow internationally. As we operate and expand globally, we may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We are subject to the U.S. Foreign Corrupt Practices Act (the "FCPA"), the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, and other applicable anti-bribery and anti-money laundering laws in countries in which we conduct activities. These laws prohibit companies and their employees and third-party intermediaries from corruptly promising, authorizing, offering, or providing, directly or indirectly, improper payments or anything of value to foreign government officials, political parties and private-sector recipients for the purpose of obtaining or retaining business, directing business to any person, or securing any advantage. In addition, U.S. public companies are required to maintain records that accurately and fairly represent their transactions and have an adequate system of internal accounting controls. In many foreign countries, including countries in which we may conduct business, it may be a local custom that businesses engage in practices that are prohibited by the FCPA or other applicable laws and regulations. We face significant risks if we or any of our directors, officers, employees, franchisees, agents or other partners or representatives fail to comply with these laws and governmental authorities in the United States and elsewhere could seek to impose substantial civil and/or criminal fines and penalties which could have a material adverse effect on our business, reputation, results of operations, cash flows and financial condition.

Our employees, contractors, franchisees and agents may take actions in violation of our policies or applicable law. Any such violation could have an adverse effect on our reputation, business, results of operations and prospects.

Any violation of the FCPA, other applicable anti-corruption laws, or anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe

criminal or civil sanctions and, in the case of the FCPA, suspension or debarment from U.S. government contracts, any of which could have a materially adverse effect on our reputation, business, results of operations, cash flows and financial condition. In addition, responding to any enforcement action may result in a significant diversion of management's attention and resources and significant defense costs and other professional fees.

The forecasts of market growth included in this prospectus may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, we cannot assure you that our business will grow at a similar rate, if at all.

Growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The forecasts in this prospectus relating to the expected growth in the boutique health and fitness market, including estimates based on our internal survey data, may prove to be inaccurate. Even if the market experiences the forecasted growth described in this prospectus, we may not grow our business at a similar rate, or at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. Accordingly, the forecasts of market growth included in this prospectus should not be taken as indicative of our future growth.

Our management team has limited experience managing a public company.

Most members of our management team have limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, results of operations, cash flows and financial condition.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as described in "Management's Discussion and Analysis of Financial Condition and Results of Operations." The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition, merchandise and equipment revenue, other service revenue, contract costs, business combinations, acquisition-related contingent consideration, impairment of long-lived assets, including goodwill and intangible assets and equity-based compensation. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors.

Goodwill and indefinite-lived intangible assets are a material component of our balance sheet and impairments of these assets could have a significant impact on our results.

We have recorded a significant amount of goodwill and indefinite-lived intangible assets, representing our trademarks, on our balance sheet. We test the carrying values of goodwill and indefinite-lived intangible assets for impairment at least annually and whenever events or circumstances indicate the carrying value may not be recoverable. The estimates and assumptions about future results of operations and cash flows made in

connection with impairment testing could differ from future actual results of operations and cash flows. While we have concluded that our goodwill and indefinite-lived intangible assets are not impaired, future events could cause us to conclude that the goodwill associated with a given segment, or one of our indefinite- lived intangible assets, may have become impaired. Any resulting impairment charge, although non-cash, could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Our and franchisees' businesses are subject to the risk of earthquakes, fire, power outages, floods and other catastrophic events, and to interruption by manmade problems such as terrorism.

Our and franchisees' businesses are vulnerable to damage or interruption from earthquakes, fires, floods, power losses, terrorist attacks, acts of warbreak-ins and similar events. The third-party systems and operations and suppliers we rely on are subject to similar risks. For example, a significant natural disaster, such as an earthquake, fire or flood, could have an adverse effect on our and franchisees' business, results of operations, cash flows and financial condition, and our and franchisees' insurance coverage may be insufficient to compensate us and franchisees for losses that may occur. Acts of terrorism, which may be targeted at metropolitan areas that have higher population density than rural areas, could also cause disruptions in our, franchisees' or our suppliers' businesses or the economy as a whole.

We or franchisees may be unable to obtain forgiveness of Paycheck Protection Plan loans, in whole or in part, in accordance with the provisions of the CARES Act, which could adversely affect our business, results of operations and financial condition.

In April 2020, we entered into a promissory note (the "PPP Loan") with Citizens Business Bank under the Paycheck Protection Program of the CARES Act pursuant to which Citizens Business Bank agreed to make a loan to us in the amount of approximately $3.7 million. The PPP Loan matures in April 2022, bears interest at a rate of 1.0% per annum and requires no payments during the first 16 months from the date of the loan.

The PPP Loan is unsecured and guaranteed by the Small Business Administration (the "SBA"). Under the terms of the PPP Loan, the principal amount of the loan may be forgiven to the extent it is used for qualifying expenses (such as payroll costs, costs of continuing group healthcare benefits, mortgage and rent payments, utilities and other expenses as described in the CARES Act) and we request forgiveness in accordance with the terms of the PPP Loan and the requirements of the SBA. While we intend to request that the entire principal amount of the PPP Loan be forgiven and we believe we have complied with all corresponding requirements, we cannot guarantee that we will be successful in obtaining forgiveness of all or any part of such principal amount. We will be required to repay any principal amount of the PPP Loan that is not forgiven, together with accrued and unpaid interest, in equal monthly installments prior to the maturity date of the loan, which would restrict our operating and financial flexibility and could have an adverse impact on our business, results of operations and financial condition.

In addition, we believe many franchisees have also secured loans under the Paycheck Protection Program. If any franchisees are unsuccessful in obtaining forgiveness of all or part of the principal amounts of their Paycheck Protection Program loans, such franchisees will be required to repay such unforgiven principal amounts, together with accrued and unpaid interest, in accordance with the terms of those loans. Such repayment obligations could materially restrict franchisees' operating and financial flexibility and financial condition, which could in turn adversely affect our business, results of operations, cash flows and financial condition.

As of March 31, 2021, we had total indebtedness of $198.9 million and our substantial indebtedness could adversely affect our financial condition and limit our ability to pursue our growth strategy.

We have a substantial amount of debt, which requires significant interest payments. As of March 31, 2021, we had total indebtedness of $198.9 million.

Our substantial level of indebtedness could adversely affect our financial condition and increase the possibility that we may be unable to generate cash sufficient to pay, when due, the principal of, interest on or other amounts due in respect of our indebtedness. Our substantial indebtedness, combined with our other existing and any future financial obligations and contractual commitments, could have important consequences. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations under our outstanding credit facility, including restrictive covenants, could result in an event of default under such facility if such obligations are not waived or amended;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing funds available for working capital, capital expenditures, acquisitions, selling and marketing efforts, research and development and other purposes;
- increase our vulnerability to adverse economic and industry conditions, which could place us at a competitive disadvantage compared to our competitors that have proportionately less indebtedness;
- increase our cost of borrowing and cause us to incur substantial fees from time to time in connection with debt amendments or refinancings;
- increase our exposure to rising interest rates because a portion of our borrowings is at variable interest rates;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate; and
- limit our ability to borrow additional funds, or to dispose of assets to raise funds, if needed, for working capital, capital expenditures, acquisitions, selling and marketing efforts, research and development and other corporate purposes.

By the nature of their relationship to our enterprise, debt holders may have different points of view on the use of company resources as compared to our management. The financial and contractual obligations related to our debt also represent a natural constraint on any intended use of company resources.

If we are unable to satisfy the covenants in our credit agreement in the future for any reason, we may default. In the event that we default and are unable to restructure our obligations, our debt with our existing lenders could be accelerated and they could demand repayment, which would severely restrict our ability to operate our business.

In the event that we breach one or more covenants in our credit agreement or any future credit agreement and such breach is not waived or amended, our lenders may choose to declare an event of default and require that we immediately repay all amounts borrowed, together with accrued interest and other fees, and could also foreclose on the collateral granted to them to secure our indebtedness. In such an event, we could lose access to working capital and be unable to operate our business, which would have a material adverse effect on our business, financial condition and results of operations. In mid-March 2020, franchisees temporarily closed almost all studios system-wide as a result of the COVID-19 pandemic, and many studios remained closed throughout 2020. Due to the decreased revenue resulting from the studio closures, we exceeded the maximum total leverage ratio covenant in our prior credit agreement. In order to avoid breaching the maximum total leverage ratio covenant, we entered into an amendment to that credit agreement to increase the maximum total leverage ratio. We cannot predict future business interruptions that may occur, the nature or scope of any such interruptions or the degree to which, or the period over which, franchisees may need to close or re-close studios in the future, and there can be no assurance that in the future we will be able to satisfy the covenants under our credit agreement as a result of a business interruption or otherwise, or obtain any required waiver or amendment.

Restrictions imposed by our outstanding indebtedness and any future indebtedness may limit our ability to operate our business and to finance our future operations or capital needs or to engage in other business activities.

The terms of our outstanding indebtedness restrict us from engaging in specified types of transactions. These covenants restrict our ability, among other things, to:

- create, incur or assume additional indebtedness;
- encumber or permit additional liens on our assets;
- change the nature of the business conducted by Xponential Holdings LLC and certain of its subsidiaries;
- make payments or distributions to our affiliates or equity holders; and
- enter into certain transactions with our affiliates.

The covenants in our credit facility impose requirements and restrictions on our ability to take certain actions and, in the event that we breach one or more covenants and such breach is not waived, the lenders may choose to declare an event of default and require that we immediately repay all of our borrowings under the credit facility, plus certain prepayment fees, penalties and interest, and foreclose on the collateral granted to them to secure such indebtedness. Such repayment would have a material adverse effect on our business, financial condition and results of operations. In addition, unless waived, certain of the provisions in our credit facility will restrict our ability to consummate the Reorganization Transactions and this offering.

We will require a significant amount of cash to service our indebtedness. The ability to generate cash or refinance our indebtedness as it becomes due depends on many factors, some of which are beyond our control.

We are a holding company and, as such, have no independent operations or material assets other than our ownership of equity interests in our subsidiaries and our subsidiaries' contractual arrangements with franchisees, and we will depend on our subsidiaries to distribute funds to us so that we may pay our obligations and expenses. Our ability to make scheduled payments on, or to refinance our respective obligations under, our indebtedness and to fund planned capital expenditures and other corporate expenses will depend on the ability of our subsidiaries to make distributions, dividends or advances to us, which in turn will depend on their future operating performance and on economic, financial, competitive, legislative, regulatory and other factors and any legal and regulatory restrictions on the payment of distributions and dividends to which they may be subject. Many of these factors are beyond our control. We can provide no assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to satisfy our respective obligations under our indebtedness or to fund our other needs. In order for us to satisfy our obligations under our indebtedness and fund planned capital expenditures, we must continue to execute our business strategy. If we are unable to do so, we may need to reduce or delay our planned capital expenditures or refinance all or a portion of our indebtedness on or before maturity. Significant delays in our planned capital expenditures may materially and adversely affect our future revenue prospects. In addition, we can provide no assurance that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all.

Changes in the method for determining, and the potential replacement of, the London Interbank Offer Rate may affect our cost of borrowing.

As a result of concerns about the accuracy of the calculation of the London Interbank Offer Rate ("LIBOR"), a number of British Bankers' Association ("BBA") member banks entered into settlements with

certain regulators and law enforcement agencies with respect to the alleged manipulation of LIBOR. Actions by the BBA, regulators or law enforcement agencies as a result of these or future events may result in changes to the manner in which LIBOR is determined or its discontinuation. On July 27, 2017, the Chief Executive of the U.K. Financial Conduct Authority (the "FCA"), which regulates LIBOR, announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021. This announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021, and it appears likely that LIBOR will be discontinued or modified by 2021.

The interest rate payable on our borrowings under our outstanding credit facility is determined by reference to LIBOR. Potential changes or uncertainty related to such potential changes or discontinuation may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have a significant impact on the interest we are required to pay. Furthermore, although the terms of our credit facility contemplate the replacement of LIBOR with another reference rate in the event LIBOR comes into disuse, uncertainty related to such discontinuation and potential substitutes could make it difficult for us and our lenders to reach agreement on a reference rate, and any substitute reference rate could increase our cost of borrowing, any of which results could have an adverse impact on our business, financial condition, cash flows and results of operations.

Failure to obtain and maintain required licenses and permits or to comply with health and fitness regulations could lead to delays in opening studios, interruptions in services or the closure of studios, thereby harming our business.

The health and fitness market is subject to various federal, state and local government regulations, including those relating to required domestic or foreign governmental permits and approvals. Such regulations are subject to change from time to time. Our or franchisees' failure to obtain and maintain any required licenses permits or approvals could adversely affect our or franchisees' operating results. Difficulties or failure to maintain or obtain the required licenses, permits and approvals could adversely affect existing franchisees and delay or cancel the opening of new studios, which would adversely affect our results of operations.

Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our business, results of operations, cash flows and financial condition.

We are subject to income taxes in the United States and Canada, and our domestic and foreign tax liabilities will be subject to the allocation of expenses in differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of stock-based compensation;
- costs related to intercompany restructurings;
- changes in tax laws, regulations or interpretations thereof;
- lower than anticipated future earnings in jurisdictions where we have lower statutory tax rates; or
- higher than anticipated future earnings in jurisdictions where we have higher statutory tax rates.

In addition, we may be subject to audits of our income, sales and other transaction taxes by U.S. federal and state and foreign authorities. Outcomes from these audits could have an adverse effect on our financial condition and results of operations.

Risks Related to Our Organizational Structure

We are a holding company and our principal asset after the completion of this offering will be our % ownership interest in Xponential Holdings LLC, and we are accordingly dependent upon distributions from Xponential Holdings LLC to pay dividends, if any, and taxes, make payments under the Tax Receivable Agreement and pay other expenses.

We are a holding company and, upon completion of the Reorganization Transactions and this offering, our principal asset will be our direct and indirect ownership of % of the outstanding LLC Units. See "Organizational Structure." We have no independent means of generating revenue. Xponential Holdings LLC will be treated as a partnership for U.S. federal income tax purposes and, as such, generally will not be subject to U.S. federal income tax. Instead, the taxable income of Xponential Holdings LLC will be allocated to holders of LLC Units, including us. Accordingly, we will incur income taxes on our allocable share of any net taxable income of Xponential Holdings LLC. We will also incur expenses related to our operations, and will have obligations to make payments under the TRA. As the managing member of Xponential Holdings LLC, we intend to cause Xponential Holdings LLC to make distributions to the holders of LLC Units and us, or, in the case of certain expenses, payments to us, in amounts sufficient to (i) permit us to pay all applicable taxes payable by us and the holders of LLC Units, (ii) allow us to make any payments required under the TRA we intend to enter into as part of the Reorganization Transactions, (iii) fund dividends to our stockholders in accordance with our dividend policy, to the extent that our board of directors declares such dividends and (iv) pay our expenses.

Deterioration in the financial conditions, earnings or cash flow of Xponential Holdings LLC and its subsidiaries for any reason could limit or impair their ability to pay such distributions. Additionally, to the extent that we need funds and Xponential Holdings LLC is restricted from making such distributions to us under applicable law or regulation, as a result of covenants in its debt agreements or otherwise, we may not be able to obtain such funds on terms acceptable to us, or at all, and, as a result, could suffer a material adverse effect on our liquidity and financial condition.

In certain circumstances, Xponential Holdings LLC will be required to make distributions to us and the other holders of LLC Units, and the distributions that Xponential Holdings LLC will be required to make may be substantial.

Under the Amended LLC Agreement, Xponential Holdings LLC will generally be required from time to time to make pro rata distributions in cash to us and the other holders of LLC Units at certain assumed tax rates in amounts that are intended to be sufficient to cover the taxes on our and the other LLC Unit holders' respective allocable shares of the taxable income of Xponential Holdings LLC. As a result of (i) potential differences in the amount of net taxable income allocable to us and the other LLC Unit holders, (ii) the lower tax rate applicable to corporations than individuals and (iii) the use of an assumed tax rate, based on the tax rate applicable to individuals, in calculating Xponential Holdings LLC's distribution obligations, we may receive distributions significantly in excess of our tax liabilities and obligations to make payments under the TRA. Our board of directors will determine the appropriate uses for any excess cash so accumulated, which may include, among other uses, dividends, repurchases of our Class A common stock, the payment of obligations under the TRA and the payment of other expenses. We will have no obligation to distribute such cash (or other available cash other than any declared dividend) to our stockholders. No adjustments to the redemption or exchange ratio of LLC Units for shares of Class A common stock will be made as a result of either (i) any cash distribution by us or (ii) any cash that we retain and do not distribute to our stockholders. To the extent that we do not distribute such excess cash as dividends on our Class A common stock and instead, for example, hold such cash balances or lend them to Xponential Holdings LLC, holders of LLC Units would benefit from any value attributable to such cash balances as a result of their ownership of Class A common stock following a redemption or exchange of their LLC Units.

We are controlled by the Pre-IPO LLC Members whose interests in our business may be different than yours.

Immediately following the completion of, and the application of the net proceeds from, this offering, our Pre-IPO LLC Members will control approximately % of the combined voting power of our Class A and Class B common stock.

Because the Pre-IPO LLC Members hold a majority of their economic interests in our business through Xponential Holdings LLC rather than through Xponential Fitness, Inc., they may have conflicting interests with holders of shares of our Class A common stock. For example, the Pre-IPO LLC Members may have a different tax position from us, which could influence their decisions regarding whether and when we should dispose of assets or incur new or refinance existing indebtedness, especially in light of the existence of the TRA that we will enter into in connection with this offering, and whether and when we should undergo certain changes of control for purposes of the TRA or terminate the TRA. In addition, the structuring of future transactions may take into consideration these tax or other considerations even where no similar benefit would accrue to us. Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the Internal Revenue Service, or IRS, makes audit adjustments to Xponential Holdings LLC's federal income tax returns, it may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from Xponential Holdings LLC. If, as a result of any such audit adjustment, Xponential Holdings LLC is required to make payments of taxes, penalties and interest, Xponential Holdings LLC's cash available for distributions to us may be substantially reduced. These rules are not applicable to Xponential Holdings LLC for tax years beginning on or prior to December 31, 2017. In addition, the Pre-IPO LLC Members' significant ownership in us and resulting ability to effectively control us may discourage someone from making a significant equity investment in us, or could discourage transactions involving a change in control, including transactions in which you as a holder of shares of our Class A common stock might otherwise receive a premium for your shares over the then-current market price.

We will be required to pay the Pre-IPO LLC Members and any other persons that become parties to the TRA for certain tax benefits we may receive, and the amounts we may pay could be significant.

As described under "Organizational Structure," we will acquire certain favorable tax attributes from the Blocker Companies in the Mergers. In addition, acquisitions by Xponential Fitness, Inc. of LLC Units from certain Continuing Pre-IPO LLC Members in connection with this offering, future taxable redemptions or exchanges by Continuing Pre-IPO LLC Members of LLC Units for shares of our Class A common stock or cash, and other transactions described herein are expected to result in favorable tax attributes for us. These tax attributes would not be available to us in the absence of those transactions and are expected to reduce the amount of tax that we would otherwise be required to pay in the future.

Upon the completion of this offering, we will be a party to a TRA with the Continuing Pre-IPO LLC Members and the Reorganization Parties. Under the TRA, we generally will be required to pay to the TRA parties in the aggregate 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of (i) certain tax attributes that are created as a result of the redemptions or exchanges of LLC Units for shares of our Class A common stock or cash, (ii) any existing tax attributes associated with LLC Units we acquire, the benefit of which will be allocable to us as a result of the Mergers and exchanges by Continuing Pre-IPO LLC Members of their LLC Units for shares of our Class A common stock or cash (including the portion of Xponential Holdings LLC's existing tax basis in its assets that is allocable to the LLC Units that are acquired), (iii) tax benefits related to imputed interest, (iv) NOLs available to us as a result of the Mergers and (v) tax attributes resulting from payments under the TRA. These payment obligations are obligations of Xponential Fitness, Inc. and not of Xponential Holdings LLC.

The payment obligations under the TRA are our obligations, and we expect that the payments we will be required to make under the TRA will be substantial. Assuming no material changes in relevant tax law and that we earn sufficient taxable income to realize all tax benefits that are subject to the TRA, we expect that the tax savings associated with (1) the Mergers and (2) future redemptions or exchanges of LLC Units as described

above would aggregate to approximately $ over 15 years from the date of the completion of this offering, based on an assumed initial public offering price of $ per share of our Class A common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus and assuming all future redemptions or exchanges would occur within one year of the completion of this offering. Under this scenario we would be required to pay the other parties to the TRA approximately 85% of such amount, or $, over the 15-year period from the date of the completion of this offering. The actual amounts we will be required to pay may materially differ from these hypothetical amounts, because potential future tax savings that we will be deemed to realize, and TRA payments by us, will be calculated based in part on the market value of our Class A common stock at the time of each redemption or exchange of an LLC Unit for a share of Class A common stock and the prevailing applicable federal tax rate (plus the assumed combined state and local tax rate) applicable to us over the life of the TRA and will depend on our generating sufficient future taxable income to realize the tax benefits that are subject to the TRA. See "Certain Relationships and Related Party Transactions—Tax Receivable Agreement." Payments under the TRA are not conditioned on our existing owners' continued ownership of us after this offering.

Payments under the TRA will be based on the tax reporting positions we determine, and the IRS or another tax authority may challenge all or a part of the existing tax basis, tax basis increases, NOLs or other tax attributes subject to the TRA, and a court could sustain such challenge. The TRA parties will not reimburse us for any payments previously made if such tax basis, NOLs or other tax benefits are subsequently challenged by a tax authority and are ultimately disallowed, except that any excess payments made to a TRA party will be netted against future payments otherwise to be made to such TRA party under the TRA, if any, after our determination of such excess. In addition, the actual state or local tax savings we may realize may be different than the amount of such tax savings we are deemed to realize under the TRA, which will be based on an assumed combined state and local tax rate applied to our reduction in taxable income as determined for U.S. federal income tax purposes as a result of the tax attributes subject to the TRA. In both such circumstances, we could make payments under the TRA that are greater than our actual cash tax savings and we may not be able to recoup those payments, which could negatively impact our liquidity. The TRA provides that (1) in the event that we materially breach any of our material obligations under the TRA or (2) if, at any time, we elect an early termination of the TRA, our obligations under the TRA (with respect to all LLC Units, whether or not LLC Units have been exchanged or acquired before or after such transaction) would accelerate and become payable in a lump sum amount equal to the present value of the anticipated future tax benefits calculated based on certain assumptions, including that we would have sufficient taxable income to fully utilize the deductions arising from the tax deductions, tax basis and other tax attributes subject to the TRA. The TRA also provides that, upon certain mergers, asset sales or other forms of business combination, or certain other changes of control, our or our successor's obligations with respect to tax benefits would be based on certain assumptions, including that we or our successor would have sufficient taxable income to fully utilize the increased tax deductions and tax basis and other benefits covered by the TRA. As a result, upon a change of control, we could be required to make payments under the TRA that are greater than the specified percentage of our actual cash tax savings, which could negatively impact our liquidity. The change of control provisions in the TRA may result in situations where the Pre-IPO LLC Members have interests that differ from or are in addition to those of our other stockholders.

Finally, because we are a holding company with no operations of our own, our ability to make payments under the TRA depends on the ability of Xponential Holdings LLC to make distributions to us. To the extent that we are unable to make payments under the TRA for any reason, such payments will be deferred and will accrue interest until paid, which could negatively impact our results of operations and could also affect our liquidity in periods in which such payments are made.

Risks Related to Our Class A Common Stock and this Offering

Some provisions of Delaware law and our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect upon the completion of this offering may deter third parties from acquiring us and diminish the value of our Class A common stock.

Our amended and restated certificate of incorporation and our amended and restated bylaws that will be in effect upon the completion of this offering will provide for, among other things:

- a classified board of directors with staggered three year terms;
- the ability of our board of directors to issue one or more series of preferred stock with voting or other rights or preferences that could have the effect of impeding the success of an attempt to acquire us or otherwise effect a change in control;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at stockholder meetings;
- certain limitations on convening special stockholder meetings; and
- certain provisions of our amended and restated certificate of incorporation and our amended and restated bylaws that may be amended only by the affirmative vote of the holders of at least two-thirds in voting power of all outstanding shares of our stock entitled to vote thereon, voting together as a single class.

In addition, while we have opted out of Section 203 of the Delaware General Corporation Law, the ("DGCL"), our amended and restated certificate of incorporation will contain similar provisions providing that we may not engage in certain "business combinations" with any "interested stockholder" for a three-year period following the time that the stockholder became an interested stockholder, unless:

- prior to such time, our board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the votes of our voting stock outstanding at the time the transaction commenced, excluding certain shares; or
- at or subsequent to that time, the business combination is approved by our board of directors and by the affirmative vote of holders of at leasttwo-thirds of the votes of our outstanding voting stock that is not owned by the interested stockholder.

Generally, a "business combination" includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with that person's affiliates and associates, owns, or within the previous three years owned, 15% or more of the votes of our outstanding voting stock. For purposes of this provision, "voting stock" means any class or series of stock entitled to vote generally in the election of directors. Our amended and restated certificate of incorporation will provide that H&W Franchise Holdings, their respective affiliates and any of their respective direct or indirect designated transferees (other than in certain market transfers and gifts) and any group of which such persons are a party do not constitute "interested stockholders" for purposes of this provision.

Under certain circumstances, this provision will make it more difficult for a person who would be an "interested stockholder" to effect various business combinations with our company for a three-year period. This provision may encourage companies interested in acquiring us to negotiate in advance with our board of directors

because the stockholder approval requirement would be avoided if our board of directors approves either the business combination or the transaction that results in the stockholder becoming an interested stockholder. These provisions also may have the effect of preventing changes in our board of directors and may make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

These provisions in our amended and restated certificate of incorporation and our amended and restated bylaws may discourage, delay or prevent a transaction involving a change in control of our company that is in the best interest of our minority stockholders. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our Class A common stock if they are viewed as discouraging future takeover attempts. These provisions could also make it more difficult for stockholders to nominate directors for election to our board of directors and take other corporate actions.

Our amended and restated certificate of incorporation that will be in effect upon the completion of this offering will designate the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States as the sole and exclusive forums for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our amended and restated certificate of incorporation that will be in effect upon the completion of this offering will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees, agents or trustees to us or our stockholders; (iii) any action asserting a claim against us or any director or officer or other employee of ours arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws that will be in effect upon the completion of this offering; or (iv) any action asserting a claim against us or any director or officer or other employee of ours that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act, or any other claim for which the U.S. federal courts have exclusive jurisdiction.

Our amended and restated certificate of incorporation will provide that, to the fullest extent permitted by law, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the federal securities laws of the United States. However, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act, and investors cannot waive compliance with the federal securities laws of the United States and the rules and regulations thereunder. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and consented to, the provisions of our amended and restated certificate of incorporation described in the preceding sentences.

These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. If any court of competent jurisdiction were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, results of operations, cash flows and financial condition.

We are a "controlled company" within the meaning of the listing standards and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. We are controlled by the Continuing Pre-IPO LLC Members whose interests in our business may be different than yours, and certain statutory provisions typically afforded to stockholders are not applicable to us.

Upon the completion of this offering, our existing owners will continue to control a majority of the combined voting power of our Class A and Class B common stock. As a result, we are a "controlled company" within the meaning of the listing standards. Under these rules, a company of which more than 50% of the voting power is held by an individual, a group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements of the , including (i) the requirement that a majority of the board of directors consist of independent directors, (ii) the requirement that we have a nominating and governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities and (iii) the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities. Following this offering, we intend to rely on some or all of these exemptions. As a result, we will not have a majority of independent directors and our compensation and nominating and governance committees will not consist entirely of independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the .

Further, this concentration of ownership and voting power allows the Continuing Pre-IPO LLC Members to be able to control our decisions, including matters requiring approval by our stockholders (such as the election of directors and the approval of mergers or other extraordinary transactions), regardless of whether or not other stockholders believe that the transaction is in their own best interests. Such concentration of voting power could also have the effect of delaying, deterring or preventing a change of control or other business combination that might otherwise be beneficial to our stockholders, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock.

The Continuing Pre-IPO LLC Members' interests may not be fully aligned with yours, which could lead to actions that are not in your best interests. Because the Continuing Pre-IPO LLC Members hold a majority of their economic interests in our business through Xponential Holdings LLC rather than through the public company, they may have conflicting interests with holders of shares of our Class A common stock. For example, the Continuing Pre-IPO LLC Members may have a different tax position from us, which could influence their decisions regarding whether and when we should dispose of assets or incur new or refinance existing indebtedness, especially in light of the existence of the TRA that we will enter into in connection with this offering, and whether and when we should undergo certain changes of control within the meaning of the TRA or terminate the TRA. In addition, the structuring of future transactions may take into consideration these tax or other considerations even where no similar benefit would accrue to us. See "Certain Relationships and Related Party Transactions—Tax Receivable Agreement." In addition, the Continuing Pre-IPO LLC Members' significant ownership in us and resulting ability to effectively control us may discourage someone from making a significant equity investment in us, or could discourage transactions involving a change in control, including transactions in which you as a holder of shares of our Class A common stock might otherwise receive a premium for your shares over the then-current market price.

We are an "emerging growth company" and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors.

We are an "emerging growth company" as defined in the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding

executive compensation in our periodic reports and proxy statements. We cannot predict whether investors will find our Class A common stock less attractive if we rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our Class A common stock price may be more volatile.

The requirements of being a public company may strain our resources and distract our management, which could make it difficult to manage our business, particularly after we are no longer an "emerging growth company."

Following the completion of this offering, we will be required to comply with various regulatory and reporting requirements, including those required by the SEC. Complying with these reporting and other regulatory requirements will be time-consuming and will result in increased costs to us and could have a negative effect on our results of operations, financial condition or business.

As a public company, we will be subject to the reporting requirements of the Exchange Act and the requirements of the Sarbanes-Oxley Act. These requirements may place a strain on our systems and resources. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we implement and maintain effective disclosure controls and procedures and internal controls over financial reporting. To implement, maintain and improve the effectiveness of our disclosure controls and procedures, we will need to commit significant resources, hire additional staff and provide additional management oversight. We will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. Sustaining our growth also will require us to commit additional management, operational and financial resources to identify new professionals to join our firm and to maintain appropriate operational and financial systems to adequately support expansion. These activities may divert management's attention from other business concerns, which could have a material adverse effect on our results of operations, financial condition or business.

As an "emerging growth company" as defined in the JOBS Act, we intend to take advantage of certain temporary exemptions from various reporting requirements including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We may also delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies, as permitted by the JOBS Act.

Our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting until the later of our second annual report or the first annual report required to be filed with the Commission following the date we are no longer an "emerging growth company" as defined in the JOBS Act. We have identified material weaknesses in our internal control over financial reporting for the year ended December 31, 2020 and cannot assure you that there will not be material weaknesses or significant deficiencies in our internal controls in the future.

When these exemptions cease to apply, we expect to incur additional expenses and devote increased management effort toward ensuring compliance with them. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs.

We have identified material weaknesses in our internal control over financial reporting for the year ended December 31, 2020. If we are unable to remediate these material weaknesses, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls in the future, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our Class A common stock.

Prior to the completion of this offering, we have been a private company with limited accounting personnel to adequately execute our accounting processes and other supervisory resources with which to address

our internal control over financial reporting. In connection with the preparation of our financial statements, we identified certain material weaknesses in our internal control over financial reporting for the year ended
December 31, 2020, including certain material weaknesses that were identified as material weaknesses in our internal control over financial reporting for the years ended December 31, 2018 and 2019 and remained unremediated as of December 31, 2020. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis.

The material weaknesses that we identified in 2019 related to inadequate or missing (i) anti-fraud programs and controls, (ii) controls for the review of financial information and related disclosures in our annual reports, (iii) competent accounting resources and formalized policies to timely identify and correct misstatements related to improper application of GAAP, (iv) controls over data provided by finance and operations personnel, (v) controls over account reconciliation processes that resulted in certain restatements of prior period results, (vi) account analysis and transaction level controls and (vii) general information technology controls and controls over information provided by third-party service providers.

Through 2020, we added additional resources, formalized processes and implemented new controls to remediate certain material weaknesses. We formalized the review of financial information and related disclosures in our annual reports, added additional competent accounting resources and formalized policies to timely identify and correct misstatements related to improper application of GAAP, added controls to validate and review data provided by finance and operations personnel, added and formalized controls over account reconciliation processes and implemented additional account analysis and transaction level controls.

The material weaknesses that we identified and remain unremediated related to inadequate or missing (i) anti-fraud programs and controls, and (ii) general information technology controls and controls over information provided by third-party service providers.

We cannot assure you that the measures we have taken to date, and are continuing to implement, will be sufficient to remediate the material weakness we have identified or avoid potential future material weaknesses. If the steps we take do not correct the material weakness in a timely manner, we will be unable to conclude that we maintain effective internal control over financial reporting. Accordingly, there could continue to be a reasonable possibility that a material misstatement of our financial statements would not be prevented or detected on a timely basis.

If we fail to remediate our existing material weaknesses or identify new material weaknesses in our internal controls over financial reporting, if we are unable to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, if we are unable to conclude that our internal controls over financial reporting are effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting when we are no longer an emerging growth company, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected. As a result of such failures, we could also become subject to investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, and become subject to litigation from investors and stockholders, which could harm our reputation and financial condition or divert financial and management resources from our regular business activities.

If you purchase shares of Class A common stock in this offering, you will suffer immediate and substantial dilution of your investment.

The initial public offering price of our Class A common stock is substantially higher than the net tangible book deficit per share of our common stock. Therefore, if you purchase shares of our Class A common stock in this offering, you will pay a price per share that substantially exceeds our net tangible book deficit per

share after this offering. You will experience immediate dilution of $ per share, representing the difference between our pro forma net tangible book deficit per share after giving effect to this offering, based on an assumed initial public offering price of $ per share of our Class A common stock (the midpoint of the estimated price range set forth on the cover page of this prospectus). In addition, purchasers of Class A common stock in this offering will have contributed % of the aggregate price paid by all purchasers of our stock but will own only approximately % of our common stock outstanding after this offering. See "Dilution" for more detail.

Your percentage ownership in us may be diluted by future issuances of capital stock, which could reduce your influence over matters on which stockholders vote.

Pursuant to our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect upon the completion of this offering, our board of directors has the authority, without action or vote of our stockholders, to issue all or any part of our authorized but unissued shares of common stock, including shares issuable upon the exercise of options, or shares of our authorized but unissued preferred stock. Issuances of Class A common stock or voting preferred stock would reduce your influence over matters on which
our stockholders vote and, in the case of issuances of preferred stock, would likely result in your interest in us being subject to the prior rights of holders of that preferred stock.

An active, liquid trading market for our Class A common stock may not develop, which may limit your ability to sell your shares.

Prior to this offering, there was no public market for our Class A common stock. Although we intend to list shares of our Class A common stock on the under the symbol "XPOF," an active trading market for our Class A common stock may never develop or be sustained following this offering. The initial public offering price will be determined by negotiations among us, and the underwriters and may not be indicative of market prices of our Class A common stock that will prevail in the open market after this offering. A public trading market having the desirable characteristics of depth, liquidity and orderliness depends upon the existence of willing buyers and sellers at any given time, such existence being dependent upon the individual decisions of buyers and sellers over which neither we nor any market maker has control. The failure of an active and liquid trading market to develop and continue would likely have a material adverse effect on the value of our Class A common stock. The market price of our Class A common stock may decline below the initial public offering price, and you may not be able to sell your shares of our Class A common stock at or above the price you paid in this offering, or at all. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

A significant portion of our total outstanding shares are restricted from immediate resale but may be sold into the market in the near future. This could cause the market price of our Class A common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our Class A common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our Class A common stock. After this offering, we will have outstanding shares of Class A common stock based on the number of shares outstanding immediately following the consummation of the Reorganization Transactions. This includes shares of Class A common stock that we are selling in this offering. Substantially all of the shares of Class A common stock that are not being sold in this offering will be subject to a 180-day lock-up period provided under agreements executed in connection with this offering. These shares will, however, be able to be resold after the expiration of the lock-up agreements as described in "Shares Eligible for Future Sale." We also intend to file a Registration Statement on Form S-8 under the Securities Act to register all shares of Class A common stock that we may issue under our equity compensation plans. In addition, the Continuing Pre-IPO LLC Members will have certain demand registration

rights that could require us in the future to file registration statements in connection with sales of our stock by them. See "Certain Relationships and Related Party Transactions —Amended and Restated LLC Agreement." Such sales could be significant. Once we register these shares, they can be freely sold in the public market upon issuance, subject to the lock-up agreements described in "Underwriting." As restrictions on resale end, the market price of our Class A common stock could decline if the holders of currently restricted shares sell them or are perceived by the market as intending to sell them.

If securities or industry analysts do not publish research or reports about our business, or if they change their recommendations regarding our Class A common stock adversely, our stock price and trading volume could decline.

The trading market for our Class A common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our Class A common stock or describe us or our business in a negative manner, the price of our Class A common stock would likely decline. If one or more of these analysts cease coverage of our company or fails to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the price or trading volume of our Class A common stock to decline. In addition, if we fail to meet the expectations and forecasts for our business provided by securities analysts, the price of our Class A common stock could decline.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements under "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and other sections of this prospectus that are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, our anticipated growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including those factors discussed under "Risk Factors." You should specifically consider the numerous risks outlined under "Risk Factors."

Although we believe the expectations reflected in the forward-looking statements in this prospectus are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We are under no duty to update any of these forward-looking statements after the date of this prospectus to conform our prior statements to actual results or revised expectations.

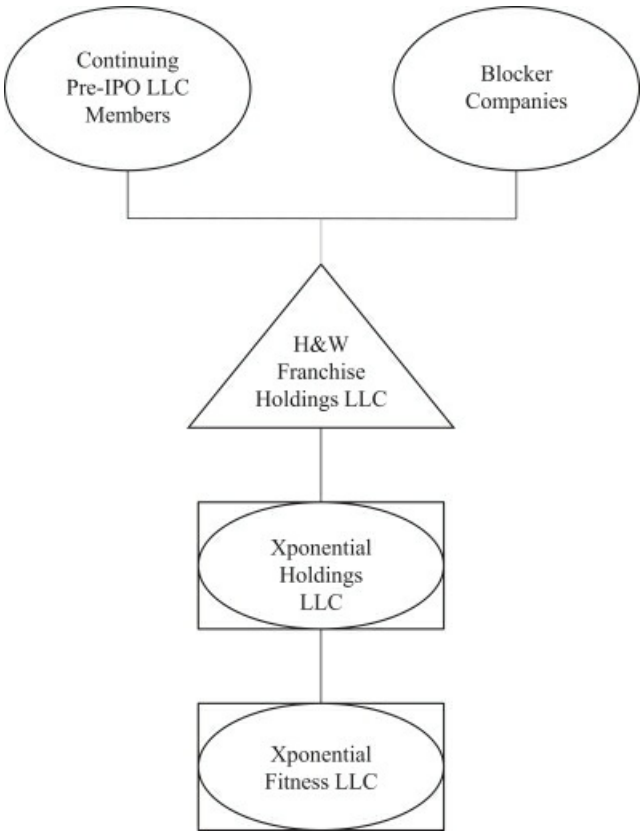
ORGANIZATIONAL STRUCTURE

Structure Prior to the Reorganization Transactions

We currently conduct our business through Xponential Fitness LLC and its subsidiaries. Xponential Fitness LLC is a wholly owned subsidiary of Xponential Holdings LLC. Following this offering, we will be a holding company and our sole material asset will be a controlling ownership interest in Xponential Fitness LLC through our ownership interest in Xponential Holdings LLC.

Xponential Fitness, Inc. was incorporated as a Delaware corporation on January 14, 2020 to serve as the issuer of the Class A common stock offered hereby.

The following diagram depicts our organizational structure immediately prior to the Reorganization Transactions. This diagram is provided for illustrative purposes only and does not purport to represent all legal entities within our organizational structure.



Prior to the consumption of the Reorganization Transactions, the amended and restated limited liability company agreement of Xponential Holdings LLC will be amended and restated to, among other things, appoint us as managing member and reclassify its outstanding limited liability company units (the "LLC Units")

as non-voting units. We refer to the limited liability company agreement of Xponential Holdings LLC, as in effect at the time of this offering, as the "Amended LLC Agreement."

After the Amended LLC Agreement is effective and prior to the consummation of the Reorganization Transactions, H&W Intermediate, the sole owner of all outstanding LLC Units, will merge with and into H&W Franchise Holdings, which will in turn liquidate under local law, distributing the LLC Units to its equity holders in liquidation of their H&W Franchise Holdings LLC interests. After these transactions and prior to the consummation of the Reorganization Transactions and the completion of this offering, all of Xponential Holdings LLC's outstanding equity interests will be owned by the following persons (collectively, the "Pre-IPO LLC Members"):

- H&W Investco, L.P., which is controlled by Mr. Grabowski, a member of our board of directors;
- LAG Fit, Inc., which is beneficially owned by Mr. Geisler, our Chief Executive Officer and founder;
- LCAT Franchise Fitness Holdings, Inc., which is an affiliate of Mr. Magliacano, a member of our board of directors;
- Certain other direct or indirect former equity holders in H&W Franchise Holdings.

The Reorganization Transactions

In connection with this offering, we intend to enter into the following series of transactions, which we collectively refer to as the "Reorganization Transactions." We refer to the Pre-IPO LLC Members who will retain their equity ownership in Xponential Holdings LLC in the form of LLC Units immediately following the consummation of the Reorganization Transactions as "Continuing Pre-IPO LLC Members."

Because we will manage and operate the business and control the strategic decisions andday-to-day operations of Xponential Fitness LLC through our ownership of Xponential Holdings LLC and because we will also have a substantial financial interest in Xponential Fitness LLC through our ownership of Xponential Holdings LLC, we will consolidate the financial results of Xponential Fitness LLC and Xponential Holdings LLC, and a portion of our net income will be allocated to the noncontrolling interest to reflect the entitlement of the Continuing Pre-IPO LLC Members to a portion of Xponential Holdings LLC's net income. In addition, because Xponential Holdings LLC will be under the common control of the Pre-IPO LLC Members before and after the Reorganization Transactions, we will account for the Reorganization Transactions as a reorganization of entities under common control and will initially measure the interests of the Pre-IPO LLC Members in the assets and liabilities of Xponential Holdings LLC at their carrying amounts as of the date of the completion of the consummation of the Reorganization Transactions.

Our amended and restated certificate of incorporation that will be in effect upon the completion of this offering will authorize the issuance of two classes of common stock: Class A common stock and Class B common stock. Each share of common stock will entitle its holder to one vote per share on all matters submitted to a vote of our stockholders. See "Description of Capital Stock."

Prior to the completion of this offering, LCAT Franchise Fitness Holdings, Inc., an affiliate of Mr. Magliacano, a member of our board of directors, and certain other entities treated as corporations for U.S. tax purposes, each of which directly own LLC Units (the "Blocker Companies"), will be contributed by their owners to Xponential Fitness, Inc. in exchange for Class A common stock of Xponential Fitness, Inc. Each Blocker Company will thereafter merge with and into Xponential Fitness, Inc. We refer to such transactions as the "Mergers." Equity holders of each Blocker Company, referred to as the Reorganization Parties, will receive a number of shares of our Class A common stock equal to the number of LLC Units held by such Blocker Company prior to the Mergers.

Each Continuing Pre-IPO LLC Member will be issued a number of shares of our Class B common stock in an amount equal to the number of LLC Units held by such Continuing Pre-IPO LLC Member.

Under the Amended LLC Agreement, holders of LLC Units (other than us), including the Continuing Pre-IPO LLC Members, will have the right, from and after the completion of this offering (subject to the terms of the Amended LLC Agreement), to require Xponential Holdings LLC to redeem all or a portion of their LLC Units for, at our election, newly-issued shares of Class A common stock on a one-for-one basis or a cash payment equal to the volume-weighted average market price of one share of our Class A common stock for each LLC Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the Amended LLC Agreement. Additionally, in the event of a redemption request from a holder of LLC Units, we may, at our option, effect a direct exchange of cash or Class A common stock for LLC Units in lieu of such a redemption. Shares of Class B common stock will be cancelled on a one-for-one basis if we, following a redemption request from a holder of LLC Units, redeem or exchange LLC Units of such holder pursuant to the terms of the Amended LLC Agreement. See "Certain Relationships and Related Party Transactions—Amended LLC Agreement." Except for transfers to us or to certain permitted transferees pursuant to the Amended LLC Agreement, the holders of LLC Units are not permitted to sell, transfer or otherwise dispose of any LLC Units or shares of Class B common stock.

We will issue shares of Class A common stock to the public pursuant to this offering.

We will use all of the net proceeds from this offering (including net proceeds received if the underwriters exercise their option to purchase additional shares of Class A common stock in full) to (i) acquire newly-issued LLC Units from Xponential Holdings LLC and (ii) acquire LLC Units from certain Continuing Pre-IPO LLC Members, at a purchase price per LLC Unit equal to the initial public offering price of Class A common stock, after deducting the underwriting discounts and commissions collectively representing % of Xponential Holdings LLC's outstanding LLC Units (or %, if the underwriters exercise their option to purchase additional shares of Class A common stock in full).

We will enter into a TRA, that will obligate us to make payments to the Continuing Pre-IPO LLC Members, the Reorganization Parties and any future party to the TRA in the aggregate generally equal to 85% of the applicable cash savings that we actually realize as a result of certain favorable tax attributes we will acquire from the Blocker Companies in the Mergers or that may result from the purchase or exchange of LLC Units from Continuing Pre-IPO LLC Members in this offering, future taxable redemptions or exchanges of LLC Units by Continuing Pre-IPO LLC Members and certain payments made under the TRA. We will retain the benefit of the remaining 15% of these tax savings.

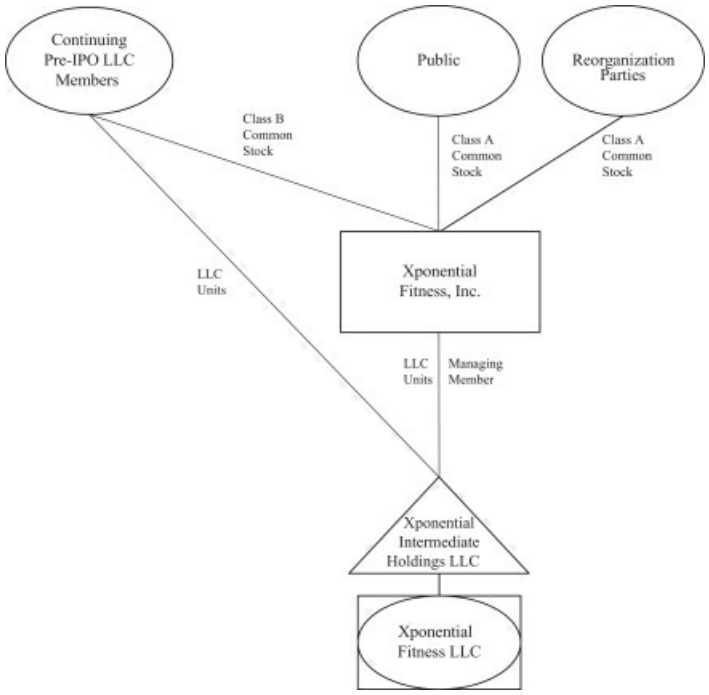
We will cause Xponential Holdings LLC to use the proceeds from the sale of LLC Units to us (i) to pay fees and expenses of approximately $ million in connection with this offering and the Reorganization Transactions, (ii) to potentially repay indebtedness and (iii) for working capital. Xponential Holdings LLC will not receive any proceeds from the purchase by us of LLC Units from any Continuing Pre-IPO LLC Members. See "Use of Proceeds."

Effect of the Reorganization Transactions and this Offering

The Reorganization Transactions are intended to create a holding company that will facilitate public ownership of, and investment in, the Company and are structured in a tax-efficient manner for the Continuing Pre-IPO LLC Members. The Continuing Pre-IPO LLC Members desire that their investment in the Company maintain its existing tax treatment as a partnership for U.S. federal income tax purposes and, therefore, will continue to hold their ownership interests in Xponential Holdings LLC until such time in the future as they may elect to cause us to redeem or exchange their LLC Units for a corresponding number of shares of our Class A common stock or cash.

We estimate that the offering expenses (other than the underwriting discounts and commissions) will be approximately $. All of such offering expenses will be paid for by Xponential Holdings LLC. See "Use of Proceeds."

The diagram on the following page depicts our organizational structure immediately following the consummation of the Reorganization Transactions, the completion of this offering and the application of the net proceeds from this offering, based on an assumed initial public offering price of $ per share of Class A common stock (the midpoint of the estimated price range set forth on the cover page of this prospectus) and assuming the underwriters do not exercise their option to purchase additional shares of Class A common stock. This chart is provided for illustrative purposes only and does not purport to represent all legal entities within our organizational structure.



Upon completion of the transactions described above, this offering and the application of the net proceeds from this offering:

- Xponential Fitness, Inc. will be appointed as the managing member of Xponential Holdings LLC and will hold LLC Units, constituting % of the outstanding economic interests in Xponential Holdings LLC (or LLC Units, constituting % of the outstanding economic interests in Xponential Holdings LLC if the underwriters exercise their option to purchase additional shares of Class A common stock in full).

- The Pre-IPO LLC Members will hold (i) shares of Class A common stock and (ii) LLC Units, which together represent approximately % of the economic interest in Xponential Holdings LLC (or % if the underwriters exercise their option to purchase additional shares of

Class A common stock in full) and (ii) through their ownership of Class A and Class B common stock, approximately % of the combined voting power of our common stock (or % if the underwriters exercise their option to purchase additional shares of Class A common stock in full).

- Investors in this offering will collectively beneficially own (i) shares of our Class A common stock, representing approximately % of the combined voting power of our common stock (or shares and %, respectively, if the underwriters exercise their option to purchase additional shares of Class A common stock in full) and (ii) through our ownership of LLC Units will hold approximately % of the economic interest in Xponential Holdings LLC (or % if the underwriters exercise their option to purchase additional shares of Class A common stock in full).

Holding Company Structure and the Tax Receivable Agreement

We are a holding company, and immediately after the consummation of the Reorganization Transactions and this offering our sole material asset will be our ownership interests in Xponential Holdings LLC. The number of LLC Units that we will own in the aggregate at any time will equal the aggregate number of outstanding shares of our Class A common stock. The economic interest represented by each LLC Unit that we own will correspond to one share of our Class A common stock, and the total number of LLC Units owned by us and the holders of our Class B common stock at any given time will equal the sum of the outstanding shares of all classes of our common stock.

We do not intend to list our Class B common stock on any stock exchange.

We will acquire certain favorable tax attributes from the Blocker Companies in the Mergers. In addition, acquisitions by us of LLC Units from Continuing Pre-IPO LLC Members in connection with this offering, future taxable redemptions or exchanges by the ContinuingPre-IPO LLC Members of LLC Units for shares of our Class A common stock or cash, and other transactions described herein are expected to result in favorable tax attributes that will be allocated to us. These tax attributes would not be available to us in the absence of those transactions and are expected to reduce the amount of tax that we would otherwise be required to pay in the future.

We intend to enter into a TRA with the ContinuingPre-IPO LLC Members and the Reorganization Parties. Under the TRA, we generally will be required to pay to the TRA parties in the aggregate 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of (i) certain tax attributes that are created as a result of the redemptions or exchanges of LLC Units for shares of our Class A common stock or cash, (ii) any existing tax attributes associated with LLC Units that we acquire, the benefit of which will be allocable to us as a result of the Mergers and exchanges of LLC Units for shares of our Class A common stock or cash (including the portion of Xponential Holdings LLC's existing tax basis in its assets that is allocable to the LLC Units that are acquired), (iii) tax benefits related to imputed interest, (iv) NOLs available to us as a result of the Mergers and (v) tax attributes resulting from payments under the TRA.

Payments under the TRA will be based on the tax reporting positions we determine, and the IRS or another tax authority may challenge all or part of the existing tax basis, tax basis increases, NOLs or other tax attributes subject to the TRA, and a court could sustain such challenge. The TRA parties will not reimburse us for any payments previously made if such tax basis, NOLs or other tax benefits are subsequently challenged by a tax authority and are ultimately disallowed, except that any excess payments made to a TRA party will be netted against future payments otherwise to be made to such TRA party under the TRA, if any, after our determination of such excess. As a result, in such circumstances we could make future payments under the TRA that are greater than our actual cash tax savings and may not be able to recoup those payments, which could negatively impact our liquidity. See "Risk Factors—Risks Related to Our Organizational Structure—We will be required to pay the

Pre-IPO LLC Members and any other persons that become parties to the TRA for certain tax benefits we may receive, and the amounts we may pay could be significant."

Our obligations under the TRA will also apply with respect to any person who is issued LLC Units in the future and who becomes a party to the TRA.

USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately $ million, after deducting underwriting discounts and commissions of approximately $ million, based on an assumed initial public offering price of $ per share (the midpoint of the estimated price range set forth on the cover page of this prospectus) and assuming no exercise of the underwriters option to purchase additional shares of Class A common stock. If the underwriters exercise their option to purchase additional shares of Class A common stock in full, we estimate that the net proceeds from this offering will be approximately $ million, after deducting underwriting discounts and commissions of approximately $ million, based on an assumed initial public offering price of $ per share (the midpoint of the estimated price range set forth on the cover page of this prospectus).

We estimate that the offering expenses (other than the underwriting discount and commissions) will be approximately $ million. All of such offering expenses will be paid for by Xponential Holdings LLC.

We will use all of the net proceeds from this offering (including net proceeds received if the underwriters exercise their option to purchase additional shares of Class A common stock in full) to acquire newly issued LLC Units from Xponential Holdings LLC and LLC Units from certain Continuing Pre-IPO LLC Members, including Anthony Geisler, our Chief Executive Officer and founder, in each case at a purchase price per LLC Unit equal to the initial public offering price of Class A common stock after deducting underwriting discounts and commissions, collectively representing % of Xponential Holdings LLC's outstanding LLC Units (or % if the underwriters exercise their option to purchase additional shares of Class A common stock in full).

We will cause Xponential Holdings LLC to use the proceeds from the sale of LLC Units to us (i) to pay fees and expenses of approximately $ million in connection with this offering and the Reorganization Transactions, (ii) to potentially repay indebtedness and (iii) for working capital.

Xponential Holdings LLC will not receive any proceeds from the purchase by us of LLC Units from any ContinuingPre-IPO LLC Members.

If the underwriters exercise their option to purchase additional shares of Class A common stock in full, we estimate that our additional net proceeds will be approximately $ million. We will use these additional net proceeds to purchase additional LLC Units from Xponential Holdings LLC to maintain the one-to-one ratio between the number of shares of Class A common stock issued by us and the number of LLC Units owned by us. We intend to cause Xponential Holdings LLC to use such additional proceeds it receives for general corporate purposes.

A $ increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the amount of proceeds to us from this offering available by approximately $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Each 1,000,000 share increase (decrease) in the number of shares offered in this offering would increase (decrease) the amount of proceeds to us from this offering by approximately $ million, assuming that the price per share for the offering remains at $ (the midpoint of the estimated price range set forth on the cover page of this prospectus), and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

DIVIDEND POLICY

Following this offering and subject to funds being legally available, we intend to cause Xponential Holdings LLC to make pro rata distributions to the holders of LLC Units and us in an amount at least sufficient to allow us and the holders of LLC Units to pay all applicable taxes, to make payments under the TRA we will enter into with the Pre-IPO LLC Members and to pay our corporate and other overhead expenses. The declaration and payment of any dividends by us will be at the sole discretion of our board of directors, which may change our dividend policy at any time. Our board of directors will take into account:

- general economic and business conditions;
- our financial condition and operating results;
- our available cash and current and anticipated cash needs;
- our capital requirements;
- contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries (including Xponential Holdings LLC) to us; and
- such other factors as our board of directors may deem relevant.

Following this offering, we will be a holding company and will have no material assets other than our ownership of LLC Units in Xponential Holdings LLC. As a consequence, our ability to declare and pay dividends to the holders of our Class A common stock will be subject to the ability of Xponential Holdings LLC to provide distributions to us. If Xponential Holdings LLC makes such distributions, the holders of LLC Units will be entitled to receive equivalent distributions from Xponential Holdings LLC. However, because we must pay taxes, make payments under the TRA and pay our expenses, amounts ultimately distributed as dividends to holders of our Class A common stock are expected to be less than the amounts distributed by Xponential Holdings LLC to holders of our LLC Units on a per share basis. See “Certain Relationships and Related Party Transactions—Tax Receivable Agreement.”

Assuming Xponential Holdings LLC makes distributions to its members in any given year, the determination to pay dividends, if any, to our Class A common stockholders out of the portion, if any, of such distributions remaining after our payment of taxes, TRA payments and expenses (any such portion, an “excess distribution”) will be made by our board of directors. Because our board of directors may determine to pay or not pay dividends to our Class A common stockholders, our Class A common stockholders may not necessarily receive dividend distributions relating to excess distributions, even if Xponential Holdings LLC makes such distributions to us.

CAPITALIZATION

The following table sets forth our cash, cash equivalents and capitalization as of March 31, 2021:

- on an actual basis for Xponential Fitness LLC;
- on a pro forma basis to reflect the Reorganization Transactions; and
- on a pro forma as adjusted basis to reflect the sale by us of shares of Class A common stock in this offering and the application of the net proceeds from this offering as described in "Use of Proceeds" and based on an assumed initial public offering price of $ per share (the midpoint of the estimated price range set forth on the cover page of this prospectus).

This table should be read in conjunction with "Organizational Structure," "Use of Proceeds," "Summary Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of Capital Stock" and our consolidated financial statements and related notes thereto included elsewhere in this prospectus.

	As of March 31, 2021		
	Actual	Pro forma	Pro forma as adjusted
		(in thousands)	
Cash and cash equivalents[1][2][3]	$ 6,320	$	
Long-term debt	$ 184,344[4]	$	
Member's equity/stockholders' equity:			
Member's equity			
Class A common stock, $0.0001 par value per share, no shares authorized, no shares issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted	—		
Class B common stock, $0.0001 par value per share, no shares authorized, no shares issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted	—		
Additional paid-in capital	—		
Total stockholders' equity	$ 10,106	$	
Total capitalization	$ 194,450	$	

(1) Excludes restricted cash of $1,030 as of March 31, 2021.

(2) Each $1.00 increase or decrease in the assumed initial public offering price of $ per share (the midpoint of the estimated price range set forth on the cover page of this prospectus) would increase or decrease each of cash and cash equivalents, member's equity/stockholders' equity and total capitalization on a pro forma as adjusted basis by approximately $ million, assuming the number of shares offered, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

(3) Each 1,000,000 share increase or decrease in the number of shares offered in this offering would increase or decrease each of cash and cash equivalents, member's equity/stockholders' equity and total capitalization on a pro forma as adjusted basis by approximately $ million, assuming that the price per share for the offering remains at $ (the midpoint of the estimated price range set forth on the cover page of this prospectus), and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

(4) Includes long-term debt and line of credit. Net of current portion and issuance cost.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma consolidated statement of operations for the year ended December 31, 2020 and for the three months ended March 31, 2021 give effect to the Offering Adjustments, as defined below, as if this offering had occurred on January 1, 2020.

The unaudited pro forma balance sheet as of March 31, 2021 gives effect to the Offering Adjustments, as if this offering had occurred on March 31, 2021. See "Capitalization."

The unaudited pro forma financial information has been prepared by our management and is based on (i) Xponential Fitness LLC's consolidated historical financial statements and (ii) the assumptions and adjustments described in the notes thereto. The presentation of the unaudited pro forma financial information has been prepared in conformity with Article 11 of Regulation S-X and are based on currently available information and certain estimates and assumptions. Therefore, the actual adjustments may differ from the pro forma adjustments. Assumptions and estimates underlying the unaudited pro forma adjustments are described in the accompanying notes, which should be read in connection with the unaudited pro forma financial information. The unaudited pro forma consolidated financial information is not necessarily indicative of financial results that would have been attained had the described transactions occurred on the dates indicated above or that could be achieved in the future. However, management believes that the assumptions provide a reasonable basis for presenting the significant effects of the transactions as contemplated and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma consolidated financial information.

Our historical financial information for the year ended December 31, 2020 and three months ended March 31, 2021 has been derived from Xponential Fitness LLC's consolidated financial statements and accompanying notes included elsewhere in this prospectus.

For purposes of the unaudited pro forma financial information, we have assumed that shares of Class A common stock will be issued by us at a price per share equal to the midpoint of the estimated initial offering price range set forth on the cover of this prospectus, and as a result, immediately following the completion of this offering, the ownership percentage represented by LLC Units not held by us will be %, and the net loss attributable to LLC Units not held by us will accordingly represent % of our net loss. If the underwriters' option to purchase additional shares is exercised in full, the ownership percentage represented by LLC Units not held by us will be % and the net loss attributable to LLC Units not held by us will accordingly represent % of our net loss. The higher percentage of net loss attributable to LLC Units not held by us over the ownership percentage of LLC Units not held by us is due to the recognition of additional current income tax expense after giving effect to the adjustments for the Reorganization Transactions and this offering that is entirely attributable to our interest.

We based the pro forma adjustments on available information and on assumptions that we believe are reasonable under the circumstances in order to reflect, on a pro forma basis, the impact of the relevant transactions on the historical financial information of Xponential Fitness LLC. See the notes to unaudited pro forma financial information below for a discussion of assumptions made.

The unaudited pro forma consolidated financial information and related notes are included for informational purposes only and do not purport to reflect the financial position or results of operations of us that would have occurred had we been in existence or operated as a public company or otherwise during the periods presented. If this offering and other transactions contemplated herein had occurred in the past, our operating results might have been materially different from those presented in the unaudited consolidated pro forma financial statements. The unaudited pro forma consolidated financial information should not be relied upon as being indicative of our financial position or results of operations had the described transactions occurred on the dates assumed. The unaudited consolidated financial information also does not project our financial position or results of operations for any future period or date. Future results may vary significantly from the results reflected

in the unaudited pro forma consolidated statements of operations and should not be relied on as an indication of our results after the consummation of this offering and the other transactions contemplated by such unaudited pro forma consolidated financial statements.

The unaudited pro forma financial information should be read together with "Capitalization," "Summary Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes thereto included elsewhere in this prospectus.

The pro forma adjustments related to this offering (the "Offering Adjustments") are described in the notes to the unaudited pro forma consolidated financial information, and principally include the following:

- adjustments for the Reorganization Transactions and the entry into the TRA;
- the issuance of shares of our Class A common stock to the purchasers in this offering in exchange for net proceeds of approximately $ million, based on an assumed initial public offering price of $ per share (the midpoint of the estimated price range set forth on the cover page of this prospectus), after deducting underwriting discounts and commissions but before offering expenses;
- the application by us of the net proceeds from this offering and the issuance of shares of Class A common stock (assuming shares of Class A common stock are sold in this offering, and assuming the underwriters do not exercise their option to purchase additional shares of Class A common stock) to acquire newly-issued LLC Units from Xponential Holdings LLC and acquire LLC Units from certain Continuing Pre-IPO LLC Members at a purchase price per LLC Unit equal to the initial public offering price of Class A common stock after deducting underwriting discounts and commissions;
- the application by Xponential Holdings LLC of a portion of the proceeds of the sale of LLC Units to us to pay fees and expenses of approximately $ million in connection with this offering and the Reorganization Transactions; and
- the provision for federal and state income taxes of Xponential Fitness, Inc. as a taxable corporation at an effective rate of % for the year ended December 31, 2020 (which effective rate was calculated using the new U.S. federal income tax rate of 21%).

As a public company, we will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. We expect to incur additional annual expenses related to these steps and, among other things, additional directors' and officers' liability insurance, director fees, reporting requirements of the SEC and the exchange, transfer agent fees, hiring additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses. We have not included any pro forma adjustments relating to these costs.

	Three Months Ended March 31, 2021		
	Xponential Fitness LLC (1)	Offering Adjustments (in thousands, except per share data)	Pro Forma Xponential Fitness, Inc.
Unaudited Pro Forma Consolidated Statement of Operations			
Revenue, net:			
Franchise revenue	$ 13,755		
Equipment revenue	4,066		
Merchandise revenue	4,232		
Franchise marketing fund revenue	2,483		
Other service revenue	4,529		
Total revenue, net	29,065		
Operating costs and expenses:			
Costs of product revenue	5,344		
Costs of franchise and service revenue	2,319		
Selling, general and administrative expenses	16,602		
Depreciation and amortization	2,055		
Marketing fund expense	2,616		
Acquisition and transaction expenses (income)	350		
Total operating costs and expenses	29,286		
Operating income (loss)	(221)		
Other (income) expense:			
Interest income	(95)		
Interest expense	4,423		
Total other expense	4,328		
Loss before income taxes	(4,549)		
Income taxes	201	(2)	
Net loss	$ (4,750)		
Net loss attributable to non-controlling interest		(3)	
Net loss attributable to controlling interests			
Class A common stock outstanding			
Pro forma weighted average shares of common stock outstanding:			
Basic			
Diluted			
Pro forma net loss available to common stock per share:			
Basic			
Diluted			

	Year Ended December 31, 2020		
	Xponential Fitness LLC (1)	Offering Adjustments	Pro Forma Xponential Fitness, Inc.
	(in thousands, except per share data)		
Unaudited Pro Forma Consolidated Statement of Operations			
Revenue, net:			
Franchise revenue	$ 48,056		
Equipment revenue	20,642		
Merchandise revenue	16,648		
Franchise marketing fund revenue	7,448		
Other service revenue	13,798		
Total revenue, net	106,592		
Operating costs and expenses:			
Costs of product revenue	25,727		
Costs of franchise and service revenue	8,392		
Selling, general and administrative expenses	60,917		
Depreciation and amortization	7,651		
Marketing fund expense	7,101		
Acquisition and transaction expenses (income)	(10,990)		
Total operating costs and expenses	98,798		
Operating income	7,794		
Other (income) expense:			
Interest income	(345)		
Interest expense	21,410		
Total other expense	21,065		
Loss before income taxes	(13,271)		
Income taxes	369	(2)	
Net loss	$ (13,640)		
Net loss attributable to non-controlling interest		(3)	
Net loss attributable to controlling interests			
Class A common stock outstanding			
Pro forma weighted average shares of common stock outstanding:			
Basic			
Diluted			
Pro forma net loss available to common stock per share:			
Basic			
Diluted			

(1) Xponential Fitness, Inc. was incorporated as a Delaware corporation on January 14, 2020 and Xponential Holdings LLC was formed as a Delaware limited liability company on February 19, 2020. Xponential Fitness, Inc. will have no material assets or results of operations until the completion of the Reorganization Transactions and Xponential Holdings LLC's sole material asset is its ownership of Xponential Fitness LLC, and therefore, Xponential Fitness, Inc. and Xponential Holdings LLC's historical financial positions are not shown in a separate column in this unaudited pro forma consolidated statement of operations. This column represents the historical consolidated financial statements of Xponential Fitness LLC, the predecessor for accounting purposes.

(2) Before the Reorganization Transactions, Xponential Fitness LLC was a flow-through entity, and after the Reorganization Transactions will be treated as a disregarded entity for U.S. federal and state income tax purposes. After the Reorganization Transactions, Xponential Holdings LLC, which will wholly own Xponential Fitness LLC, will be treated as a partnership for U.S. federal and state income tax purposes. As such, income generated by Xponential Holdings LLC will flow through to its partners, including us, and is generally not subject to tax at the Xponential Holdings LLC level. Following the consummation of the Reorganization Transactions and the completion of this offering, we will be subject to U.S. federal income taxes, in addition to state and local income taxes with respect to our share of any taxable income of Xponential Holdings LLC. As a result, the unaudited pro forma consolidated statement of operations reflects adjustments to our income tax expense to reflect an effective income tax rate of %, which was calculated assuming the U.S. federal rates currently in effect and the highest statutory rates apportioned to each applicable state and local jurisdiction.

(3) Upon completion of the Reorganization Transactions, we will become the managing member of Xponential Holdings LLC. As a result, we will consolidate the financial results of Xponential Holdings LLC and will report a non-controlling interest related to the LLC Units held by the ContinuingPre-IPO LLC Members on our consolidated statements of comprehensive income. Following this offering, assuming the underwriters do not exercise their option to purchase additional shares of Class A common stock, we will own % of the economic interest of Xponential Holdings LLC and the Continuing Pre-IPO LLC Members will own the remaining % of the economic interest of Xponential Holdings LLC. Net loss attributable to non-controlling interests will represent % of loss before income taxes of Xponential Holdings LLC. If the underwriters exercise their option to purchase additional shares of Class A common stock in full, we will own % of the economic interest of Xponential Holdings LLC and the Continuing Pre-IPO LLC Members will own the remaining % of the economic interest of Xponential Holdings LLC and net loss attributable to non-controlling interests would represent % of loss before income taxes of Xponential Holdings LLC.

	As of March 31, 2021		
	Xponential Fitness LLC (1)	Offering Adjustments (2)	Pro Forma Xponential Fitness, Inc.
		(in thousands)	
Unaudited Pro Forma Consolidated Balance Sheet			
Assets			
Current Assets:			
Cash, cash equivalents and restricted cash	$ 7,350 (3)		
Accounts receivable, net	6,474		
Inventories	5,731		
Prepaid expenses and other current assets	6,465		
Deferred costs, current portion	3,363		
Notes receivable from franchisees, net	1,308		
Total current assets	30,691		
Property and equipment, net	13,621		
Goodwill	147,863		
Intangible assets, net	109,537		
Deferred costs, net of current portion	35,856		
Note receivable from franchisees, net of current portion	2,464		
Other assets	615		
Total assets	$ 340,647		
Liabilities and Member's Equity			
Current Liabilities:			
Accounts payable	$ 15,989		
Accrued expenses	13,332		
Deferred revenue, current portion	16,155		
Notes payable	993		
Current portion of long-term debt	7,236		
Other current liabilities	1,869		
Total current liabilities	55,574		
Deferred revenue, net of current portion	77,436		
Contingent consideration from acquisitions	8,756		
Payable to related parties pursuant to tax receivable agreement	— (4)		
Long-term debt, net of current portion and issuance costs	184,344		
Other liabilities	4,431		
Total liabilities	330,541		
Commitments and contingencies			

	As of March 31, 2021		
	Xponential Fitness LLC (1)	Offering Adjustments (2)	Pro Forma Xponential Fitness, Inc.
	(in thousands)		
Member's equity:			
Class A common stock, $0.0001 par value per share, no shares authorized, no shares issued and outstanding, actual; shares authorized, shares issued and outstanding, as adjusted	— (3)		
Class B common stock, $0.0001 par value per share, no shares authorized, no shares issued and outstanding, actual; shares authorized, shares issued and outstanding, as adjusted	— (3)		
Member's contribution	123,802		
Receivable from H&W Intermediate	(1,454)		
Accumulated deficit	(112,242)		
Non-controlling interests	— (5)		
Total member's equity	10,106		
Total liabilities and member's equity	$ 340,647		

(1) Xponential Fitness, Inc. was incorporated as a Delaware corporation on January 14, 2020 and Xponential Holdings LLC was formed as a Delaware limited liability company on February 19, 2020. Xponential Fitness, Inc. will have no material assets or results of operations until the completion of the Reorganization Transactions and Xponential Holdings LLC's sole material asset is its ownership of Xponential Fitness LLC, and therefore Xponential Fitness, Inc. and Xponential Holdings LLC's historical financial positions are not shown in a separate column in this unaudited pro forma consolidated balance sheet. This column represents the historical consolidated financial statements of Xponential Fitness LLC, the predecessor for accounting purposes.

(2) For purposes of the unaudited pro forma financial information, we have assumed that shares of Class A common stock will be issued by us in this offering at an initial public offering price per share equal to $ (the midpoint of the estimated price range set forth on the cover page of this prospectus), and as a result, immediately following the completion of this offering, the ownership percentage represented by LLC Units not held by us will be %, and the net loss attributable to LLC Units not held by us will accordingly represent % of our net loss. If the underwriters exercise their option to purchase additional shares of Class A common stock in full, the ownership percentage represented by LLC Units not held by us will be % and the net income attributable to LLC Units not held by us will accordingly represent % of our net loss. The higher percentage of net loss attributable to LLC Units not held by us over the ownership percentage of LLC Units not held by us is due to the recognition of additional current income tax expense after giving effect to the adjustments for the Reorganization Transactions and this offering that is entirely attributable to our interest.

(3) We estimate that the net proceeds from this offering will be approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares of Class A common stock in full), after deducting underwriting discounts and commissions of approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares of Class A common stock in full). We intend to use the net proceeds from this offering to purchase newly-issued LLC Units from Xponential Holdings LLC and LLC Units from certain Continuing Pre-IPO LLC Members, in each case at a purchase price per LLC Unit equal to the initial public offering price per share of Class A common stock after deducting underwriting discounts and

commissions. We will cause Xponential Holdings LLC to use the proceeds from the sale of LLC Units to us (i) to pay fees and expenses of approximately $ million in connection with this offering and the Reorganization Transactions, (ii) to potentially repay indebtedness and (iii) for working capital. See "Use of Proceeds."

(4) Reflects adjustments to give effect to the TRA described in "Certain Relationships and Related Party Transactions—Tax Receivable Agreement" and "Organizational Structure," based on the following assumptions:

- we will record an increase of $ million in deferred tax assets for the estimated income tax effects of certain tax assets acquired or created in connection with the Mergers and our acquisitions of LLC Units from Continuing Pre-IPO LLC Members based on enacted federal, state and local tax rates at the date of the transaction. To the extent we estimate that we will not realize the full benefit represented by the deferred tax asset, based on an analysis of expected future earnings, we will reduce the deferred tax asset with a valuation allowance; and

- we will record approximately 85% of the estimated realizable tax benefit as an increase of $ million payable to related parties pursuant to the TRA and the remaining 15% of the estimated realizable tax benefit, or $ million, as an increase to member's interest.

(5) As described in "Organizational Structure," we will become the managing member of Xponential Holdings LLC and will report anon-controlling interest related to the LLC Units held by the Continuing Pre-IPO LLC Members.

DILUTION

If you invest in our Class A common stock, you will experience dilution to the extent of the difference between the initial public offering price per share of our Class A common stock and the pro forma net tangible book value per share of our Class A common stock. Dilution results from the fact that the per share offering price of our Class A common stock is substantially in excess of the pro forma net tangible book value per share attributable to the Pre-IPO LLC Members.

We have presented dilution in pro forma net tangible book value per share of Class A common stock to investors in this offering assuming that all of the holders of LLC Units redeemed or exchanged their LLC Units for a corresponding number of newly-issued shares of Class A common stock (the "Assumed Redemption,") in order to more meaningfully present the dilutive impact on the investors in this offering.

Our pro forma net tangible book value as of March 31, 2021 would have been approximately $ million, or $ per share of our Class A common stock. Pro forma net tangible book value represents the amount of total tangible assets less total liabilities, and pro forma net tangible book value per share represents pro forma net tangible book value divided by the number of shares of Class A common stock outstanding, in each case after giving effect to the Reorganization Transactions and based on an assumed initial public offering price of $ per share (the midpoint of the estimated price range set forth on the cover page of this prospectus), assuming that the Continuing Pre-IPO LLC Members redeem or exchange all of their LLC Units and shares of Class B common stock for newly-issued shares of our Class A common stock on a one-for-one basis (assuming shares of Class A common stock are sold in this offering).

After giving effect to the Reorganization Transactions, assuming that the ContinuingPre-IPO LLC Members redeem or exchange all of their LLC Units for newly-issued shares of our Class A common stock on a one-for-one basis, and after giving further effect to the sale of shares of Class A common stock in this offering at an assumed initial public offering price of $ per share (the midpoint of the estimated price range set forth on the cover page of this prospectus) and the use of the net proceeds from this offering, our pro forma as adjusted net tangible book value would have been approximately $ million, or $ per share, representing an immediate increase in net tangible book value of $ per share to existing equity holders and an immediate dilution in net tangible book value of $ per share to new investors.

The following table illustrates the per share dilution:

Assumed initial public offering price		$
Pro forma net tangible book value per share as of March 31, 2021	$	
Increase in pro forma net tangible book value per share attributable to new investors		
Pro forma adjusted net tangible book value per share after offering		
Dilution in pro forma net tangible book value per share to new investors		$

Dilution is determined by subtracting pro forma net tangible book value per share after this offering from the initial public offering price per share of Class A common stock.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the dilution per share to new investors by $, in each case assuming the number of shares offered, as set forth on the cover page of this prospectus, remains the same.

To the extent the underwriters exercise their option to purchase additional shares of Class A common stock, there will be further dilution to new investors.

The following table illustrates, as of March 31, 2021 , after giving effect to the Assumed Redemption and the sale by us of shares of our Class A common stock in this offering at an assumed initial public offering

price of $ per share (the midpoint of the estimated price range set forth on the cover page of this prospectus), the difference between the existing Pre-IPO LLC Members, and the investors purchasing shares of our Class A common stock in this offering with respect to the number of shares of our common stock purchased from us, the total consideration paid or to be paid to us, and the average price per share paid or to be paid to us, before deducting underwriting discounts and commissions and the estimated offering expenses payable by us:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Pre-IPO LLC Members		%	$	%	$
Investors purchasing shares of our Class A common stock in this offering					$
Total		100%	$	100%	

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the estimated price range set forth on the cover page of this prospectus) would increase (decrease) the total consideration paid by new investors and the total consideration paid by all stockholders by $ million, assuming the number of shares offered by us remains the same and after deducting estimated underwriting discounts and commissions but before estimated offering expenses.

We may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent additional capital is raised through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to holders of our Class A common stock.

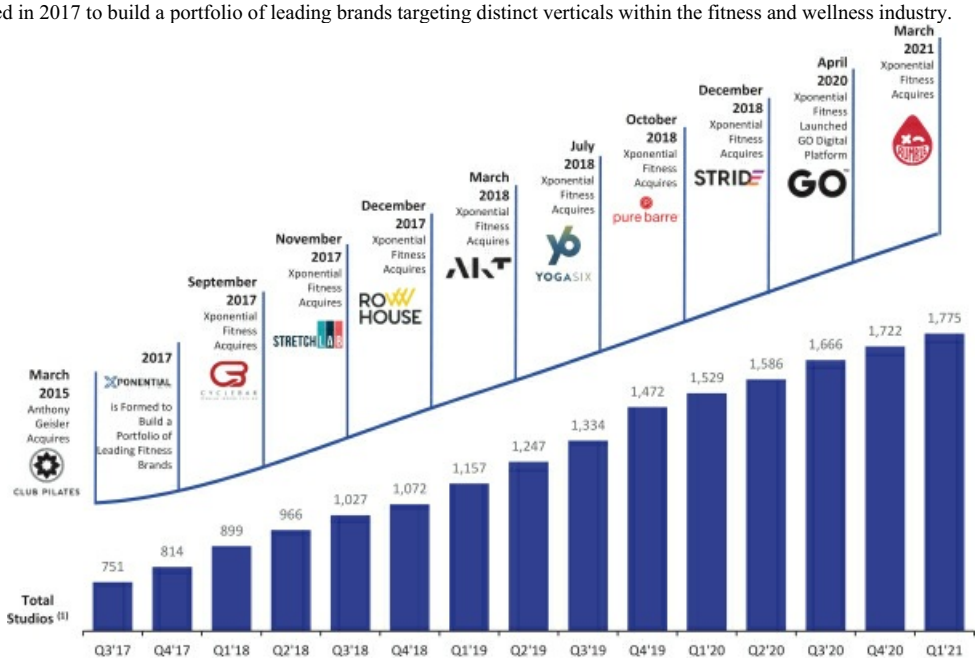
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes thereto and the other financial information included elsewhere in this prospectus. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and timing may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under "Risk Factors" and elsewhere in this prospectus.

Overview

Xponential Fitness is a curator of leading boutique fitness brands across multiple verticals. Our mission is to make highly specialized workouts in motivating, community-based environments accessible to everyone. Our diversified portfolio of brands spans a variety of popular fitness and wellness verticals, including Pilates, barre, cycling, rowing, yoga, running, stretch, dance and boxing. Collectively, our brands offer consumers engaging experiences that appeal to a broad range of ages, fitness levels and demographics. Across our brands system-wide, consumers completed nearly 20 million workouts, including 19.2 million in-studio and live stream workouts and 0.5 million virtual workouts in 2020. The foundation of our business is built on strong partnerships with franchisees. We provide franchisees extensive support to help maximize the performance of their studios, while leveraging our corporate platform to accelerate growth and enhance profitability. We believe our unique combination of a multi-brand offering, resilient franchise model with strong unit economics and integrated platform has enabled us to build our leading market position in the large and growing U.S. boutique fitness industry.

We were formed in 2017 to build a portfolio of leading brands targeting distinct verticals within the fitness and wellness industry.



(1) Global studios open and adjusted to reflect the Rumble acquisition.

As a franchisor, we benefit from multiple highly predictable and recurring revenue streams that enable us to scale our studio base in a capital efficient manner. As of March 31, 2021, 1,765 studios were open and franchisees were contractually committed to open an additional 1,391 studios in North America under existing franchise agreements on an adjusted basis to reflect historical information of the brands we have acquired. In addition, as of March 31, 2021, we had ten studios open internationally, and our master franchisees were contractually obligated to sell licenses to franchisees to open an additional 693 new studios in nine countries. Converting our current pipeline of licenses sold to open studios in North America would nearly double our existing franchised studio base. In 2019, 2020 and the three months ended March 31, 2021, we had no material revenue outside of the United States and no franchisee accounted for more than 5% of our revenue. We operate in one segment for financial reporting purposes.

The COVID-19 Pandemic

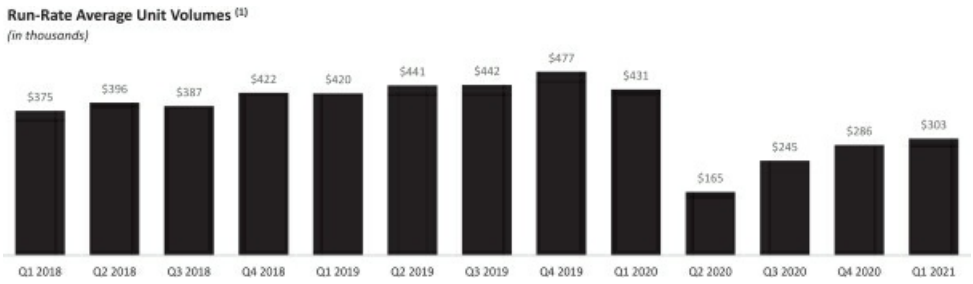
In March 2020, the World Health Organization declared COVID-19 a pandemic. By mid-March, the spread of COVID-19 significantly impacted the global economy, and prevented or restricted us and our employees, franchisees, members and suppliers from conducting business activities, as federal, state, local and foreign governments mandated stay-at-home orders, encouraged social distancing measures and implemented travel restrictions and prohibitions on non-essential activities and business. In response to the COVID-19 outbreak, franchisees temporarily closed almost all studios system-wide in mid-March 2020, although substantially all of our franchised studios have resumed operations as of March 31, 2021. Certain studios have had to re-close or are operating subject to capacity restrictions, and additional studios may have to re-close or further reduce capacity, pursuant to local guidelines. We also experienced lower license sales and delays in new studios openings due to the COVID-19 pandemic. However, we have continued opening studios throughout the COVID-19 pandemic and franchisees have opened 246 studios from March 31, 2020 through March 31, 2021.

Our proven operational model allowed us to provide robust support to franchisees during the COVID-19 pandemic and has led to no units permanently closed under our ownership. Even though studios were temporarily closed, franchisees maintained strong member loyalty, with many members maintaining actively paying accounts or putting their memberships “on hold.” Members who did not pay membership dues while “on hold” kept their agreements and maintained the ability to reactivate when studios reopened, mitigating high member cancellation rates. While studios were closed, we continued to generate revenue from franchise license and royalty payments as customers engaged with our digital platform services and purchased merchandise. We took significant action to support franchisees’ efforts to ensure they had access to resources that guided them on generating revenues and reducing operating costs, including a temporary reduction in marketing fund percentage collected.

The adverse effects of the COVID-19 pandemic have gradually begun to decrease in 2021. In the second quarter of 2021 in particular, as vaccination rates have increased substantially in the United States and restrictions on indoor fitness classes in most states have either been reduced or eliminated, franchisees’ membership visits have increased. As of May 31, 2021, our franchisees recovered to approximately % of actively paying members relative to January 31, 2020 membership levels and membership visits were at % relative to January 31, 2020. As of May 31, 2021, run-rate AUVs recovered to approximately % of January 31, 2020 levels.

As a result of the COVID-19 pandemic, we also took ownership of a number of studios. We are currently operating these studios while we actively seek to refranchise them, as operating company-owned studios is not a component of our business model. However, we may not be able to do so and we expect that if we have not been able to do so by December 31, 2021 we may choose to close most or all such studios to the extent they are not profitable at that time and would incur charges in connection therewith for asset impairment and lease termination, employee severance and related matters, which could adversely affect our business, results of operations, cash flows and financial condition.

The COVID-19 pandemic adversely impacted our ability to generate revenue. A substantial portion of our revenue is derived from royalty fees, which were affected by the decline in system-wide sales as almost all of our franchised studios were temporarily closed beginning in mid-March 2020. New studio openings were also delayed. We also experienced a reduction in sales of new studio licenses and in installation of equipment in new studios. Additionally, we temporarily decreased our marketing fund fees from 2% to 1% of the sales of franchisees whose studios were closed due to the COVID-19 pandemic and related government mandates as part of our COVID-19 support response.



(1) Represents run-rate AUVs for North American studios open for at least six months and adjusted for the Rumble acquisition. We calculate run-rate AUV as quarterly AUV multiplied by four, for studios that are at least six months old at the beginning of the respective quarter.

We cannot predict the ultimate degree to which, or period over which, we will continue to be affected by the COVID-19 pandemic or any significant resurgence. Although we have implemented measures to mitigate the impact of the COVID-19 pandemic on our business, we expect the pandemic to continue to adversely affect franchisees, at least through 2021, as well as our overall business, results of operations, cash flows and financial condition.

For a further discussion of the impacts of the COVID-19 pandemic on our business, see "Prospectus Summary—Impact of the COVID-19 Pandemic and Expected Recovery" and "Risk Factors—Risks Related to Our Business and Industry—Our business and results of operations have been and are expected to continue to be materially adversely impacted by the ongoing COVID-19 pandemic." The COVID-19 pandemic may also have the effect of heightening many of the other risks described in "Risk Factors." The COVID-19 pandemic continues to evolve, and we will continue to monitor the situation closely.

Reorganization

Xponential Fitness, Inc. was formed for the purpose of, and has engaged to date only in activities in contemplation of this offering. Xponential Fitness, Inc. will be a holding company whose primary asset will be a controlling ownership interest in Xponential Holdings LLC. For more information regarding our reorganization and holding company structure, see "Organizational Structure—The Reorganization Transactions." Upon completion of this offering, all of our business will be conducted through Xponential Holdings LLC and its consolidated subsidiaries, and the financial results of Xponential Holdings LLC and its consolidated subsidiaries will be included in the consolidated financial statements of Xponential Fitness, Inc. After the Reorganization Transactions, Xponential Holdings LLC will be taxed as a partnership for U.S. federal income tax purposes and, as a result, its members, including Xponential Fitness, Inc. will pay income taxes with respect to their allocable shares of its net taxable income.

We will acquire certain favorable tax attributes from the Blocker Companies in the Mergers. In addition, acquisitions by Xponential Fitness, Inc. of LLC Units from the Continuing Pre-IPO LLC Members in connection with this offering, future taxable redemptions or exchanges by the ContinuingPre-IPO LLC Members of LLC Units for shares of our Class A common stock or cash, and other transactions described herein are expected to result in favorable tax attributes that will be allocated to us. These tax attributes would not be available to us in

the absence of those transactions and are expected to reduce the amount of tax that we would otherwise be required to pay in the future. The TRA will require Xponential Fitness, Inc. to pay in the aggregate 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize to the Pre-IPO LLC Members and the Reorganization Parties. Furthermore, payments under the TRA may give rise to additional tax benefits and therefore additional payments under the TRA. See "Certain Relationships and Related Party Transactions—Tax Receivable Agreement."

Rumble Acquisition

On March 24, 2021, H&W Franchise Holdings entered into a contribution agreement with Rumble Holdings LLC, Rumble Parent LLC and Rumble Fitness LLC to acquire certain rights and intellectual property of Rumble Fitness LLC ("Rumble"), to be used by H&W Franchise Holdings in connection with the franchise business under the "Rumble" trade name. Pursuant to this agreement, Rumble became a direct subsidiary of Rumble Parent LLC, which is owned by Rumble Holdings LLC, and H&W Franchise Holdings acquired certain rights and intellectual property of Rumble Holdings LLC, which beneficially held all of the issued and outstanding membership interests of Rumble. As consideration, H&W Franchise Holdings (i) issued 39,540.5 of its Class A Units to Rumble Holdings LLC, (ii) issued 61,573.5 Class A Units to Rumble Holdings LLC, which are subject to vesting and forfeiture as provided in the contribution agreement and (iii) assumed and discharged any liabilities arising from and after the closing date under the assigned contracts and acquired assets. H&W Franchise Holdings then contributed the Rumble assets to H&W Intermediate, which then immediately contributed the Rumble assets to us. As a result of this transaction, Rumble became a holder of 5% or more of the equity interests of H&W Franchise Holdings.

Following the closing of this offering and the related reorganization, and prior to the vesting and/or forfeiture of certain equity instruments issued to Rumble Holdings LLC, the instruments will likely be treated as a liability on our balance sheet instead of equity and will therefore be subject to a subsequent quarterly fair value remeasurement on a mark-to-market basis as a derivative liability. As a result, fluctuations in these quarterly liability valuations will impact our financial results following this offering in accordance with movements in our stock price, and the related valuation of the derivative liability that we will be required to make on a quarterly basis.

Factors Affecting Our Results of Operations

We believe that the most significant factors affecting our results of operations include:

- ***Licensing new qualified franchisees, selling additional licenses to existing franchisees and opening studios.*** Our growth depends upon our success in licensing new studios to new and existing franchisees. We believe our success in attracting new franchisees and attracting existing franchisees to invest in additional studios has resulted from our diverse offering of attractive brands, corporate level support, training provided to franchisees and the opportunity to realize attractive returns on their invested capital. We believe our significant investments in centralized systems and infrastructure help support new and existing franchisees. To continue to attract qualified new franchisees, sell additional studios to existing franchisees and assist franchisees in opening their studios, we plan to continue to invest in our brands to enable them to deliver positive consumer experiences and in our integrated services at the brand level to support franchisees.

- ***Timing of studio openings.*** Our revenue growth depends to a significant extent on the number of studios that are open and operating. Many factors affect whether a new studio will be opened on time, if at all, including the availability and cost of financing, selection and availability of suitable studio locations, delays in hiring personnel as well as any delays in equipment delivery or installation. To the extent franchisees are unable to open new studios on the timeline we anticipate, we will not realize the revenue growth that we expect. We believe our investments in centralized systems and infrastructure, including real estate site selection, studio build-out and design assistance help enable franchisees to open studios, and we plan to continue to invest in our systems to continue to provide assistance during the opening process.

- ***Increasing same store sales.*** Our long-term revenue prospects are driven in part by franchisees' ability to increase same store sales. Several factors affect our same store sales in any given period, including the number of stores that have been in operation for a significant period of time, growth in total memberships and marketing and promotional efforts. We expect to continue to seek to grow same store sales and AUVs by helping franchisees acquire new members, increase studio utilization and drive increased spend from consumers. We also intend to expand ancillary revenue streams, such as our digital platform offerings and retail merchandise.

- ***International expansion.*** We continue to invest in increasing the number of franchisees outside of North America. We have developed strong relationships and executed committed development contracts with master franchisees to propel our international growth. We plan to continue to invest in these relationships and seek new relationships and opportunities in countries that we have targeted for expansion.

- ***Consumer demand and competition for discretionary income.*** Our revenue and future success will depend in part on the attractiveness of our brands and the services provided by franchisees relative to other fitness and entertainment options available to consumers. Our franchisees' AUVs are dependent upon the performance of studios and may be impacted by reduced capacity as a result of the COVID-19 pandemic. Macroeconomic factors generally, and economic factors affecting a particular geographic territory, may also impact the returns generated by franchisees and therefore impact our operating results.

Key Performance Indicators

In addition to our GAAP financial statements, we regularly review the following key metrics to measure performance, identify trends, formulate financial projections, compensate our employees, and monitor our business. While we believe that these metrics are useful in evaluating our business, other companies may not use similar metrics or may not calculate similarly titled metrics in a consistent manner. See "Basis of Presentation."

The following table sets forth our key performance indicators for the years ended December 31, 2018, 2019 and 2020 and three months ended March 31, 2020 and 2021:

	Year Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
			($ in thousands)		
System-wide sales	$ 389,251	$ 560,361	$ 442,148	$ 160,023	$ 131,610
Number of new studio openings in North America	258	400	241	56	53
Number of studios operating in North America (cumulative total as of period end)	1,071	1,471	1,712	1,527	1,765
Number of licenses sold in North America (cumulative total as of period end)	2,086	3,009	3,273	3,139	3,371
Number of licenses contractually obligated to be sold internationally (cumulative total as of period end)	35	489	593	548	693
AUV (LTM as of period end)	$ 399	$ 449	$ 283	$ 453	$ 257
Same store sales	8%	9%	(34%)	0%	(24%)
Adjusted EBITDA	$ (10,565)	$ 16,642	$ 10,152	$ 7,877	$ 3,652

All metrics above are presented on an adjusted basis to reflect historical information of the brands we acquired and therefore includes time periods during which certain of the brands were operated by our predecessors. We acquired Club Pilates and CycleBar in September 2017, Stretch Lab in November 2017, Row House in December 2017, AKT in March 2018, Yoga Six in July 2018, Pure Barre in October 2018, Stride in December 2018 and Rumble in March 2021.

System-Wide Sales

System-wide sales represent gross sales by all studios. System-wide sales includes sales by franchisees that are not revenue realized by us in accordance with GAAP. While we do not record sales by franchisees as revenue, and such sales are not included in our consolidated financial statements, this operating metric relates to our revenue because we receive approximately 7% and 2% of the sales by franchisees as royalty revenue and marketing fee revenue, respectively. We believe that this operating measure aids in understanding how we derive our royalty revenue and marketing fee revenue and is important in evaluating our performance. System-wide sales growth is driven by new studio openings and increases in same store sales. Management reviews system-wide sales monthly, which enables us to assess changes in our franchise revenue, overall studio performance, the health of our brands and the strength of our market position relative to competitors.

Number of New Studio Openings

The number of new studio openings reflects the number of studios opened in North America during a particular reporting period. We consider a new studio to be open once the studio begins offering classes. Opening new studios is an important part of our growth strategy. New studios may not generate material revenue in the early period following an opening and their revenue may not follow historical patterns. Management reviews the number of new studio openings in order to help forecast operating results and to monitor studio opening processes.

Number of Studios Operating

In addition to the number of new studios opened during a period, we track the number of total studios operating in North America at the end of a reporting period. We view this metric on a net basis to take account of any studios that may have closed during the reporting period. While nearly all our franchised studios are licensed to franchisees, from time to time we own and operate a limited number of studios (typically as we take possession of a studio following a franchisee ceasing to operate it and as we prepare it to be licensed to a new franchisee). Management reviews the number of studios operating at a given point in time in order to help forecast system-wide sales, franchise revenue and other revenue streams.

Licenses Sold

The number of licenses sold in North America and globally reflect the cumulative number of licenses sold by us (or, outside of North America, by our master franchisees), since inception through the date indicated. Licenses contractually obligated to open refer to licenses sold net of terminations. Licenses contractually obligated to be sold internationally reflect the number of licenses that master franchisees are contractually obligated to sell to franchisees outside of North America under master franchise agreements. The number of licenses sold is a useful indicator of the number of studios that have opened and that are expected to open in the future, which management reviews in order to monitor and forecast our revenue streams. Of the franchisees that opened their first studio in 2019, on average it took approximately 12.2 months from signing the franchise agreement to open. Of the franchisees that opened their first studio in 2020, on average it took approximately 14.6 months from signing the franchise agreement to open. The length of time increased during 2020 due to COVID-related opening restrictions. Management also reviews the number of licenses sold in North America and the number of licenses contractually obligated to be sold internationally in order to help forecast studio growth and system-wide sales.

Average Unit Volume

AUV consists of the average sales for the trailing 12 calendar months for all studios in North America that have been open for at least 13 calendar months as of the measurement date. AUV is calculated by dividing sales during the applicable period for all studios being measured by the number of studios being measured. AUV growth is primarily driven by changes in same store sales and is also influenced by new studio openings. Management reviews AUV to assess studio economics.

Same Store Sales

Same store sales refer to period-over-period sales comparisons for the base of studios. We define the same store sales base to include studios in North America that have been open for at least 13 calendar months as of the measurement date. Any transfer of ownership of a studio does not affect this metric. We measure same store sales based solely upon monthly sales as reported by franchisees. This measure highlights the performance of existing studios, while excluding the impact of new studio openings. Management reviews same store sales to assess the health of the franchised studios.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe the followingnon-GAAP measures are useful in evaluating our operating performance. We use the following non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively, is helpful to investors because it provides consistency and comparability with past financial performance. However, non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool, and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate similarly titled non-GAAP measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of ournon-GAAP financial measure as tools for comparison. A reconciliation is provided below for the non-GAAP financial measures to the most directly comparable financial measures stated in accordance with GAAP. Investors are encouraged to review the related GAAP financial measures and the reconciliation of the non-GAAP financial measures to their most directly comparable GAAP financial measures and not rely on any single financial measure to evaluate our business.

We believe that the non-GAAP financial measures presented below, when taken together with the corresponding GAAP financial measures, provides meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our business, results of operations or outlook.

Adjusted EBITDA

We define adjusted EBITDA as EBITDA (net income/loss before interest, taxes, depreciation and amortization), adjusted for the impact of certainnon-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include equity-based compensation, acquisition and transaction expenses (income) (including change in contingent consideration), management fees and expenses (that will be discontinued after this offering), integration and related expenses and litigation expenses (consisting of legal and related fees for specific proceedings that arise outside of the ordinary course of our business) that we do not believe reflect our underlying business performance and affect comparability. EBITDA and adjusted EBITDA are also frequently used by analysts, investors and other interested parties to evaluate companies in our industry.

We believe that adjusted EBITDA is an appropriate measure of operating performance because it eliminates the impact of expenses that we do not believe reflect our underlying business performance.

We believe that adjusted EBITDA, viewed in addition to, and not in lieu of, our reported GAAP results, provides useful information to investors regarding our performance and overall results of operations because it eliminates the impact of other items that we believe reduce the comparability of our underlying core business performance from period to period and is therefore useful to our investors in comparing the core performance of our business from period to period.

The following table presents a reconciliation of net loss, the most directly comparable financial measure calculated in accordance with GAAP, to adjusted EBITDA for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021:

	Year Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
			(in thousands)		
Net loss	$(42,478)	$(37,134)	$(13,640)	$ (1,949)	$ (4,750)
Interest expense	6,253	16,087	21,410	7,986	4,423
Income taxes	73	164	369	162	201
Depreciation and amortization	3,513	6,386	7,651	1,814	2,055
EBITDA	(32,639)	(14,497)	15,790	8,013	1,929
Equity-based compensation	1,969	2,064	1,751	418	222
Acquisition and transaction expenses (income)	18,095	7,948	(10,990)	(774)	350
Management fees and expenses	847	557	795	220	192
Integration and related expenses	467	15,022	386	—	—
Litigation expenses	696	5,548	2,420	—	959
Adjusted EBITDA	$(10,565)	$ 16,642	$ 10,152	$ 7,877	$ 3,652

Key Components of Results of Operations

Revenue

Our revenue consists of franchise revenue, equipment revenue, merchandise revenue, franchise marketing fund revenue and other service revenue. We consider royalty revenue, marketing fund revenue and certain of our other service revenue items recurring revenue. The following is a brief description of the components of our revenue.

Franchise revenue includes revenue we earn from our franchise agreements and area development agreements. Our performance obligation under the franchise license is granting certain rights to access our intellectual property. Our franchise agreements typically operate under ten-year terms with the option to renew for up to two additional five-year renewal terms. We determined the renewal options are neither qualitatively nor quantitatively material and do not represent a material right. Initial franchise fees are a non-refundable fixed fee, and in the case of franchisees who purchase multiple licenses, there is apre-established discount applied, which is stated in either the franchise agreement or area development agreement. Initial franchise fees are typically collected upon signing of the franchise agreement or area development agreement. Initial franchise fees are recorded as deferred revenue when received and are recognized on a straight-line basis over the franchise life, which we have determined to be ten years (or five years in the case of a renewal) as we fulfill our promise to grant the franchisee the rights to access and benefit from our intellectual property and to support and maintain the intellectual property. Royalty revenue represents royalties earned from each of the studios in accordance with the franchise disclosure document and the franchise agreement for use of the various brands' names, processes and procedures. The royalty rate in the franchise agreement is typically 7% of the gross sales of each location operated by each franchisee. Royalties are billed and recognized as franchisee sales occur. We also earn fees for

providing access to third party technology solutions to the franchisee for a fixed, monthly fee and for providing coach training services. Transfer fees are paid to us when one franchisee transfers a franchise agreement to a different franchisee. Transfers fees are recognized as revenue on a straight-line basis over the term of the new or assumed franchise agreement, unless the original franchise agreement for an existing studio is terminated, in which case the transfer fee is recognized immediately.

We also sell authorized equipment to franchisees for use in the studios. Equipment revenue includes equipment revenue for new studios, installation of equipment and replacement equipment for existing studios. Franchisees are required to purchase all studio equipment from us, or vendors approved by us.

Merchandise revenue is generated from the sale of branded and non-branded merchandise to franchisees for retail sales to members at the studios. For certain non-branded merchandise sales, we earn a commission to facilitate the transaction between franchisee and the supplier.

We also collect a marketing fee of 2% of gross sales from all franchisees. We use the marketing fees for advertising, marketing, market research, product development, public relations programs and related materials.

Other service revenue includes our digital platform revenue earned from subscriptions to ourweb-based classes, commissions earned from certain of franchisees' use of preferred vendors and vouchers sold through third parties allowing trial classes at local studios operated by franchisees, all of which we consider recurring revenue. Our strategy is for all our franchised studios to be licensed to franchisees; however, we may own and operate a limited number of studios at any given time and revenue from those studios is included in other service revenue. As a result of the COVID-19 pandemic, we took ownership of a larger number of studios in 2020 than we have taken in previous years. As of December 31, 2020, we had ownership of 40 studios, compared to 14 and four studios as of December 31, 2018 and 2019, respectively. As of March 31, 2021, we had ownership of 49 studios. We also consider revenue from our company-owned studios to be recurring revenue.

Costs of Revenue

Costs of product revenue primarily consists of cost of equipment and merchandise and related freight charges. Costs of franchise and service revenue primarily includes commissions paid to brokers and sales personnel related to the signing of franchise agreements, travel and personnel expenses related to the on-site training provided to the franchisees, hosting expenses related to our digital platform revenue and expenses related to the purchase of technology packages and the related monthly fees. Certain of our brokerage contracts were with wholly owned subsidiaries of St. Gregory Holdco, LLC ("STG"), which was a wholly owned subsidiary of H&W Intermediate, which owned all our outstanding LLC Units before the consummation of the Reorganization Transactions. During the years ended December 31, 2018 and 2019, we recorded $9.3 million and $10.9 million, respectively, of deferred commission costs paid to STG and Montgomery Venture Investments, LLC ("MVI"), which is being recognized over the initial ten-year franchise agreement term. Effective as of October 1, 2019, we no longer have brokerage contracts with subsidiaries of STG and instead employ a direct salesforce. See "Certain Relationships and Related Party Transactions—Brokerage Contracts."

Operating Expenses

We primarily incur the following operating expenses: selling, general and administrative expenses; depreciation and amortization; marketing fund expense and acquisition and transaction expenses.

Selling, general and administrative expenses include costs associated with administrative and franchisee support functions related to our existing business, as well as growth and development activities. These costs primarily consist of payroll, professional and legal expenses, occupancy expenses, management fees, travel expenses and convention expenses. Marketing fund expenses include advertising, marketing, market research, product development, public relations programs and materials that benefit the brands. Acquisition and transaction

expenses primarily include costs directly related to the acquisition of businesses, which include expenditures for advisory, legal, valuation, accounting and similar services, in addition to amounts recorded for changes in contingent consideration.

Following the completion of this offering, we expect to incur additional expenses as a result of operating as a public company, including costs to comply with the rules and regulations applicable to companies listed on a national securities exchange, costs related to compliance and reporting obligations pursuant to the rules and regulations of the SEC and higher expenses for insurance, investor relations and professional services. We expect our selling, general and administrative expenses will increase in absolute dollars as our business grows.

Cash Flows

We generate a significant portion of our cash flows from royalties and various fees related to transactions involving our franchised studios. We collect our royalties and certain other fees through our third- party hosted system-wide point-of-sale system. Royalties, franchise marketing fund fees and certain other fees are deducted on a recurring basis monthly. Franchisees are responsible for maintaining the billing records and collection of dues for their respective studios through the point-of-sale system. Royalties and franchise marketing fund fees are based on monthly billings for the studios without regard to the collections of those billings by franchisees. Merchandise and equipment sales to new and existing studios also generate significant cash flows.

Discussion of Results of Operations

The following table presents our consolidated audited results of operations for the years ended December 31, 2018, 2019 and 2020 and unaudited results of operations for the three months ended March 31, 2020 and 2021.

	Year Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
			(in thousands)		
Revenue, net:					
Franchise revenue	$ 19,852	$ 47,364	$ 48,056	$ 14,847	$ 13,755
Equipment revenue	22,646	40,012	20,642	6,735	4,066
Merchandise revenue	9,575	22,215	16,648	5,064	4,232
Franchise marketing fund revenue	3,745	8,648	7,448	2,697	2,483
Other service revenue	3,446	10,891	13,798	2,444	4,529
Total revenue, net	59,264	129,130	106,592	31,787	29,065
Operating costs and expenses:					
Costs of product revenue	22,901	41,432	25,727	8,098	5,344
Costs of franchise and service revenue	3,127	5,703	8,392	2,082	2,319
Selling, general and administrative expenses	44,551	80,495	60,917	11,873	16,602
Depreciation and amortization	3,513	6,386	7,651	1,814	2,055
Marketing fund expense	3,285	8,217	7,101	2,585	2,616
Acquisition and transaction expenses (income)	18,095	7,948	(10,990)	(774)	350
Total operating costs and expenses	95,472	150,181	98,798	25,678	29,286
Operating income (loss)	(36,208)	(21,051)	7,794	6,109	(221)
Other (income) expense:					
Interest income	(56)	(168)	(345)	(90)	(95)
Interest expense	6,253	16,087	21,410	7,986	4,423
Total other expense	6,197	15,919	21,065	7,896	4,328
Loss before income taxes	(42,405)	(36,970)	(13,271)	(1,787)	(4,549)
Income taxes	73	164	369	162	201
Net loss	$ (42,478)	$ (37,134)	$ (13,640)	$ (1,949)	$ (4,750)

The following table presents our consolidated results of operations for the years ended December 31, 2018, 2019 and 2020 and three months ended March 31, 2020 and 2021 as a percentage of revenue:

	Year Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
Revenue:					
Franchise revenue	33.5%	36.7%	45.1%	46.7%	47.3%
Equipment revenue	38.2%	31.0%	19.4%	21.2%	14.0%
Merchandise revenue	16.2%	17.2%	15.6%	15.9%	14.6%
Franchise marketing fund revenue	6.3%	6.7%	7.0%	8.5%	8.5%
Other service revenue	5.8%	8.4%	12.9%	7.7%	15.6%
Total revenue	100.0%	100.0%	100.0%	100.0%	100.0%
Operating costs and expenses:					
Costs of product revenue	38.6%	32.1%	24.1%	25.5%	18.4%
Costs of franchise and service revenue	5.3%	4.4%	7.9%	6.5%	8.0%
Selling, general and administrative expenses	75.2%	62.3%	57.1%	37.4%	57.1%
Depreciation and amortization	5.9%	4.9%	7.2%	5.7%	7.1%
Marketing fund expense	5.5%	6.4%	6.7%	8.1%	9.0%
Acquisition and transaction expenses (income)	30.5%	6.2%	(10.3%)	(2.4%)	1.2%
Total operating costs and expenses	161.0%	116.3%	92.7%	80.8%	100.8%
Operating income (loss)	(61.1%)	(16.3%)	7.3%	19.2%	(0.8%)
Other (income) expense					
Interest income	0.1%	0.1%	0.3%	0.3%	0.3%
Interest expense	10.6%	12.5%	20.1%	25.1%	15.2%
Total other expense	10.5%	12.4%	19.8%	24.8%	14.9%
Loss before income taxes	71.6%	28.7%	12.5%	5.6%	15.7%
Income taxes	0.1%	0.1%	0.3%	0.5%	0.7%
Net loss	71.7%	28.8%	12.8%	6.1%	16.3%

Note: Totals may not add due to rounding.

Three Months Ended March 31, 2020 versus 2021

The following is a discussion of our consolidated results of operations for the three months ended March 31, 2020 versus the three months ended March 31, 2021.

Revenue

	Three Months Ended March 31,	
	2020	2021
	(in thousands)	
Franchise revenue	$ 14,847	$ 13,755
Equipment revenue	6,735	4,066
Merchandise revenue	5,064	4,232
Franchise marketing fund revenue	2,697	2,483
Other service revenue	2,444	4,529
Total revenue	$ 31,787	$ 29,065

Total revenue. Total revenue was $29.1 million in the three months ended March 31, 2021, compared to $31.8 million in the three months ended March 31, 2020, a decrease of $2.7 million, or 8.6%. The decrease in total revenue was primarily due to a decrease in equipment revenue, which was due to the decrease in new studio openings caused by the COVID-19 pandemic.

Franchise revenue. Franchise revenue was $13.8 million in the three months ended March 31, 2021, compared to $14.8 million in the three months ended March 31, 2020, a decrease of $1.0 million, or 7.4%. Franchise revenue consisted of franchise royalty fees of $8.5 million, training fees of $1.4 million, franchise territory fees of $2.6 million and technology fees of $1.2 million in the three months ended March 31, 2021, compared to franchise royalty fees of $10.0 million, training fees of $1.8 million, franchise territory fees of $2.3 million and technology fees of $0.7 million in the three months ended March 31, 2020. The decrease in franchise royalty fees was primarily due to a 24% decrease in same store sales due in large part to the continuing impact of the COVID-19 pandemic, including capacity restrictions at certain studios, which also contributed to the decrease in training fees, partially offset by 245 new studio openings since March 31, 2020, which contributed to the increase in franchise territory fees and technology fees. The number of new studio openings does not reflect the number of new studios Rumble opened in the first quarter of 2021.

Equipment revenue. Equipment revenue was $4.1 million in the three months ended March 31, 2021, compared to $6.7 million in the three months ended March 31, 2020, a decrease of $2.7 million, or 39.6%. Most equipment revenue is recognized in the period that a new studio opens. In the three months ended March 31, 2020, a larger number of equipment installations occurred than studio openings, as studio openings for which equipment installations occurred in March were delayed due to the impact of COVID-19. The number of new studio openings does not reflect the number of new studios Rumble opened in the three months ended March 31, 2020 and 2021.

Merchandise revenue. Merchandise revenue was $4.2 million in the three months ended March 31, 2021, compared to $5.1 million in the three months ended March 31, 2020, a decrease of $0.8 million, or 16.4%. The decrease was due primarily to reduced member visits to franchisee studios due to the continuing impact of the COVID-19 pandemic.

Franchise marketing fund revenue. Franchise marketing fund revenue was $2.5 million in the three months ended March 31, 2021, compared to $2.7 million in the three months ended March 31, 2020, a decrease of $0.2 million, or 7.9%. The decrease was primarily due to a decrease in same store sales, partially offset by 52 new studio openings in the first quarter of 2021, excluding one new studio Rumble opened in 2021.

Other service revenue. Other service revenue was $4.5 million in the three months ended March 31, 2021, compared to $2.4 million in the three months ended March 31, 2020, an increase of $2.1 million, or 85.3%. The increase was primarily due to a $0.3 million increase in our digital platform revenue, a $0.6 million increase in other preferred vendor commission revenue and a $1.2 million increase in revenue from company-owned studios.

Operating Costs and Expenses

	Three Months Ended March 31,	
	2020	2021
	(in thousands)	
Costs of product revenue	$ 8,098	$ 5,344
Costs of franchise and service revenue	2,082	2,319
Selling, general and administrative expenses	11,873	16,602
Depreciation and amortization	1,814	2,055
Marketing fund expense	2,585	2,616
Acquisition and transaction expenses (income)	(774)	350
Total operating costs and expenses	$ 25,678	$ 29,286

Costs of product revenue. Costs of product revenue was $5.3 million in the three months ended March 31, 2021, compared to $8.1 million in the three months ended March 31, 2020, a decrease of $2.8 million, or 34.0%. The decrease was consistent with the decrease in equipment and merchandise revenue in 2021.

Costs of franchise and service revenue. Costs of franchise and service revenue was $2.3 million in the three months ended March 31, 2021, compared to $2.1 million in the three months ended March 31, 2020, an increase of $0.2 million, or 11.4%. The increase was primarily due to an increase in costs related to technology fee revenue, consistent with the related revenue increase.

Selling, general and administrative expenses. Selling, general and administrative expenses were $16.6 million in the three months ended March 31, 2021, compared to $11.9 million in the three months ended March 31, 2020, an increase of $4.7 million, or 39.8%. The increase was primarily attributable an increase in salaries and wages and occupancy expenses of $1.9 million and $1.3 million, respectively, primarily related to the increase in number of company-owned studios; and $2.0 million reduction in settlement income recognized in 2020. These increases were partially offset by decreases in other variable expenses in 2021.

Depreciation and amortization. Depreciation and amortization expense was $2.1 million in the three months ended March 31, 2021, compared to $1.8 million in the three months ended March 31, 2020, an increase of $0.2 million, or 13.3%. The increase was due primarily to an increase in assets related to company-owned studios.

Marketing fund expense. Marketing fund expense was $2.6 million in the three months ended March 31, 2021 and 2020 and is consistent with the insignificant change in franchise marketing fund revenue.

Acquisition and transaction expenses (income). Acquisition and transaction expenses (income) were $0.4 million in the three months ended March 31, 2021, compared to ($0.8) million in the three months ended March 31, 2020, a change of $1.1 million, or 145.2%. These expenses (income) represent the non-cash change in contingent consideration related to 2017 and 2018 business acquisitions and $0.2 million of expense in 2021 related to the acquisition of Rumble.

Other (Income) Expense, net

	Three Months Ended March 31,	
	2020	2021
	(in thousands)	
Interest income	$ (90)	$ (95)
Interest expense	7,986	4,423
Total other expense, net	$ 7,896	$ 4,328

Interest income. Interest income primarily consists of interest on notes receivable and was insignificant in each of the three-month periods ended March 31, 2020 and 2021.

Interest expense. Interest expense was $4.4 million in the three months ended March 31, 2021, compared to $8.0 million in the three months ended March 31, 2020, a decrease of $3.6 million, or 44.6%. Interest expense consists of interest on notes payable and long-term debt, accretion of earn-out liabilities and amortization of deferred loan costs. The decrease was due primarily to $1.5 million of prepayment and other penalties incurred in the three months ended March 31, 2020 and a write off of $1.8 million of deferred loan costs related to our credit agreement with Monroe Capital Management Advisors, LLC, which was replaced with a new credit facility in March 2020.

Income Taxes

	Three Months Ended March 31,	
	2020	2021
	(in thousands)	
Income taxes	$ 162	$ 201

Income taxes. Income taxes were $0.2 million in each of the three-month periods ended March 31, 2021 and 2020.

Year Ended December 31, 2019 versus 2020

The following is a discussion of our consolidated results of operations for the year ended December 31, 2019 versus the year ended December 31, 2020.

Revenue

	Year Ended December 31,	
	2019	2020
	(in thousands)	
Franchise revenue	$47,364	$48,056
Equipment revenue	40,012	20,642
Merchandise revenue	22,215	16,648
Franchise marketing fund revenue	8,648	7,448
Other service revenue	10,891	13,798
Total revenue	$ 129,130	$ 106,592

Total revenue. Total revenue was $106.6 million in the year ended December 31, 2020, compared to $129.1 million in the year ended December 31, 2019, a decrease of $22.5 million, or 17.5%. The decrease in total revenue was primarily due to a decrease of $19.4 million of equipment revenue, which was due to the decrease in new studio openings caused by the COVID-19 pandemic and to a lesser extent merchandise revenue due to temporary studio closures and reduced usage during 2020 as a result of the COVID-19 pandemic.

Franchise revenue. Franchise revenue was $48.1 million in the year ended December 31, 2020, compared to $47.4 million in the year ended December 31, 2019, an increase of $0.7 million, or 1.5%. Franchise revenue consisted of franchise royalty fees of $28.5 million, training fees of $5.8 million, franchise territory fees of $9.8 million and technology fees of $4.0 million in 2020, compared to franchise royalty fees of $33.9 million, training fees of $6.6 million, franchise territory fees of $5.4 million and technology fees of $1.5 million in 2019. The decrease in franchise royalty fees was primarily due to a 34% decrease in same store sales due in large part to temporary studio closures, partially offset by 240 new studio openings in 2020, which contributed to the increase in franchise territory fees and technology fees. The number of new studio openings does not reflect the number of new studios Rumble opened in 2020.

Equipment revenue. Equipment revenue was $20.6 million in the year ended December 31, 2020, compared to $40.0 million in the year ended December 31, 2019, a decrease of $19.4 million, or 48.4%. The decrease was primarily attributable to 240 new studio openings in 2020, compared to 394 new studio openings in 2019. The decrease in the number of new studio openings was due to the COVID-19 pandemic, including government mandated closures of in-person fitness studios. Most of the equipment revenue is recognized in the period that a new studio opens. The number of new studio openings in 2019 and 2020 do not reflect the number of new studios Rumble opened in 2019 and 2020.

Merchandise revenue. Merchandise revenue was $16.6 million in the year ended December 31, 2020, compared to $22.2 million in the year ended December 31, 2019, a decrease of $5.6 million, or 25.1%. The decrease was due primarily to temporary studio closures in 2020 due to the COVID-19 pandemic.

Franchise marketing fund revenue. Franchise marketing fund revenue was $7.4 million in the year ended December 31, 2020, compared to $8.6 million in the year ended December 31, 2019, a decrease of $1.2 million, or 13.9%. The decrease was primarily due to a 34% decrease in same store sales, and a temporary reduction in the marketing fund percentage collected from 2% to 1% of the sales of franchisees whose studios were closed due to the COVID-19 pandemic and related government mandates as part of our COVID-19 support response, partially offset by 240 new studio openings in 2020. The number of new studio openings does not reflect the number of new studios Rumble opened in 2020.

Other service revenue. Other service revenue was $13.8 million in the year ended December 31, 2020, compared to $10.9 million in the year ended December 31, 2019, an increase of $2.9 million, or 26.7%. The increase was primarily due to a $2.2 million increase in our digital platform revenue and a $1.4 million increase in other preferred vendor commission revenue, partially offset by a $0.6 million decrease in revenue from company-owned studios.

Operating Costs and Expenses

	Year Ended December 31,	
	2019	2020
	(in thousands)	
Costs of product revenue	$41,432	$25,727
Costs of franchise and service revenue	5,703	8,392
Selling, general and administrative expenses	80,495	60,917
Depreciation and amortization	6,386	7,651
Marketing fund expense	8,217	7,101
Acquisition and transaction expenses (income)	7,948	(10,990)
Total operating costs and expenses	$ 150,181	$ 98,798

Costs of product revenue. Costs of product revenue was $25.7 million in the year ended December 31, 2020, compared to $41.4 million in the year ended December 31, 2019, a decrease of $15.7 million, or 37.9%. The decrease was consistent with the decrease in equipment and merchandise revenue in 2020.

Costs of franchise and service revenue. Costs of franchise and service revenue was $8.4 million in the year ended December 31, 2020, compared to $5.7 million in the year ended December 31, 2019, an increase of $2.7 million, or 47.2%. The increase was primarily due to an increase in amortized franchise territory sales commissions, technology fees and our digital platform costs, consistent with related revenue increases, including the $2.5 million increase in technology fees, $2.2 million increase in our digital platform revenue and a $1.4 million increase in other preferred vendor commission revenue.

Selling, general and administrative expenses. Selling, general and administrative expenses were $60.9 million in the year ended December 31, 2020, compared to $80.5 million in the year ended December 31, 2019, a decrease of $19.6 million, or 24.3%. The decrease was primarily attributable a reduction in variable expenses in response to the impact of the COVID-19 pandemic on our business, including a $5.7 million decrease in variable marketing and promotion, which includes advertising and convention expenses, a $1.3 million decrease in travel expenses, and a $15.5 million decrease in studio support expense, primarily related to a decrease in costs to integrate businesses acquired in 2018, which included updating existing Pure Barre studios for consistency with our standards. These decreases were partially offset by an increase in salaries and wages and occupancy expenses of $1.1 million and $0.8 million, respectively, primarily related to studios acquired in 2020 and a $0.8 million increase in bad debt expense.

Depreciation and amortization. Depreciation and amortization expense was $7.7 million in the year ended December 31, 2020, compared to $6.4 million in the year ended December 31, 2019, an increase of $1.3 million, or 19.8%. The increase was due primarily to depreciation expense related to property and equipment placed in service during the year ended December 31, 2020, including our new digital platform and assets related to company-owned studios.

Marketing fund expense. Marketing fund expense was $7.1 million in the year ended December 31, 2020, compared to $8.2 million in the year ended December 31, 2019, a decrease of $1.1 million, or 13.6%. The decrease was consistent with the decrease in franchise marketing fund revenue.

Acquisition and transaction expenses (income). Acquisition and transaction expenses (income) were ($11.0) million in the year ended December 31, 2020, compared to $7.9 million in the year ended December 31, 2019, a change of $18.9 million, or 238.3%. These expenses (income) represent the non-cash change in contingent consideration related to 2017 and 2018 business acquisitions.

Other (Income) Expense, net

	Year Ended December 31,	
	2019	2020
	(in thousands)	
Interest income	$(168)	$(345)
Interest expense	16,087	21,410
Total other expense, net	$ 15,919	$ 21,065

Interest income. Interest income primarily consists of interest on notes receivable and was insignificant in each of the years ended December 31, 2019 and 2020.

Interest expense. Interest expense was $21.4 million in the year ended December 31, 2020, compared to $16.1 million in the year ended December 31, 2019, an increase of $5.3 million, or 33.1%. Interest expense consists of interest on notes payable and long-term debt, accretion of earn-out liabilities and amortization of deferred loan costs. The increase was due primarily to a $2.6 million increase in amortization of debt issuance costs and a $4.2 million increase in interest on long-term debt due primarily to a higher average outstanding debt balance in 2020, partially offset by a $1.5 million decrease in earn-out accretion.

Income Taxes

	Year Ended December 31,	
	2019	2020
	(in thousands)	
Income taxes	$ 164	$ 369

Income taxes. Income taxes were $0.4 million in the year ended December 31, 2020, compared to $0.2 million in the year ended December 31, 2019.

Year Ended December 31, 2018 versus 2019

The following is a discussion of our consolidated results of operations for the year ended December 31, 2018 versus the year ended December 31, 2019.

Revenue

	Year Ended December 31,	
	2018	2019
	(in thousands)	
Franchise revenue	$ 19,852	$47,364
Equipment revenue	22,646	40,012
Merchandise revenue	9,575	22,215
Franchise marketing fund revenue	3,745	8,648
Other service revenue	3,446	10,891
Total revenue	$ 59,264	$ 129,130

Total revenue. Total revenue was $129.1 million in the year ended December 31, 2019, compared to $59.3 million in the year ended December 31, 2018, an increase of $69.8 million, or 117.7%. Total revenue from businesses acquired in 2018 was $6.0 million and $38.4 million in the years ended December 31, 2018 and 2019, respectively.

Franchise revenue. Franchise revenue was $47.4 million in the year ended December 31, 2019, compared to $19.9 million in the year ended December 31, 2018, an increase of $27.5 million, or 138.2%. Franchise revenue consisted of franchise royalty fees of $33.9 million, training fees of $6.6 million, franchise territory fees of $5.4 million and technology fees of $1.5 million in 2019, compared to franchise royalty fees of $14.5 million, training fees of $2.6 million, franchise territory fees of $1.6 million and technology fees of $1.2 million in 2018. The increase was primarily due to 394 new studio openings in 2019, a 10% increase in same store sales and a full year of revenue in 2019 from businesses acquired in 2018. The number of new studio openings does not reflect the number of new studios Rumble opened in 2018 and 2019.

Equipment revenue. Equipment revenue was $40.0 million in the year ended December 31, 2019, compared to $22.6 million in the year ended December 31, 2018, an increase of $17.4 million, or 77.0%. The increase was primarily attributable to 394 new studio openings in 2019, compared to 260 new studio openings in 2018. The majority of equipment revenue is recognized in the period that a new studio opens. The number of new studio openings in 2018 and 2019 do not reflect the number of new studios Rumble opened in 2018 and 2019.

Merchandise revenue. Merchandise revenue was $22.2 million in the year ended December 31, 2019, compared to $9.6 million in the year ended December 31, 2018, an increase of $12.6 million, or 131.3%. The increase was due primarily to 394 new studio openings in 2019 and a full year of revenue in 2019 from businesses acquired in 2018. The number of new studio openings does not reflect the number of new studios Rumble opened in 2019.

Franchise marketing fund revenue. Franchise marketing fund revenue was $8.6 million in the year ended December 31, 2019, compared to $3.7 million in the year ended December 31, 2018, an increase of $4.9 million, or 132.4%. The increase was primarily due to new studio openings in 2019, a 10% increase in same store sales and a full year of revenue in 2019 from businesses acquired in 2018.

Other service revenue. Other service revenue was $10.9 million in the year ended December 31, 2019, compared to $3.4 million in the year ended December 31, 2018, an increase of $7.5 million, or 220.6%. The increase was primarily due to a $2.5 million increase in our digital platform revenue, a $1.5 million increase in revenue from company-owned studios and a $3.5 million increase in other preferred vendor commission revenue attributable to new studio openings in 2019.

Operating Costs and Expenses

	Year Ended December 31,	
	2018	2019
	(in thousands)	
Costs of product revenue	$ 22,901	$41,432
Costs of franchise and service revenue	3,127	5,703
Selling, general and administrative expenses	44,551	80,495
Depreciation and amortization	3,513	6,386
Marketing fund expense	3,285	8,217
Acquisition and transaction expenses	18,095	7,948
Total operating costs and expenses	$ 95,472	$ 150,181

Costs of product revenue. Costs of product revenue was $41.4 million in the year ended December 31, 2019, compared to $22.9 million in the year ended December 31, 2018, an increase of $18.5 million, or 80.8%. The increase was consistent with the increase in equipment and merchandise revenue in the year ended December 31, 2019.

Costs of franchise and service revenue. Costs of franchise and service revenue was $5.7 million in the year ended December 31, 2019, compared to $3.1 million in the year ended December 31, 2018, an increase of $2.6 million, or 83.9%. The increase was primarily due to an increase in amortized franchise territory sales commissions, technology fees and on-demand costs.

Selling, general and administrative expenses. Selling, general and administrative expenses were $80.5 million in the year ended December 31, 2019, compared to $44.6 million in the year ended December 31, 2018, an increase of $35.9 million, or 80.5%. The increase was primarily attributable to an increase of $14.6 million in costs to integrate businesses acquired in 2018 primarily to update existing Pure Barre studios for consistency with our standards, an increase in salaries and wages of $9.7 million primarily related to acquired businesses and an increase in legal and accounting expense of $7.5 million due primarily to non-recurring litigation expenses in 2019.

Depreciation and amortization. Depreciation and amortization expense was $6.4 million in the year ended December 31, 2019, compared to $3.5 million in the year ended December 31, 2018, an increase of $2.9 million, or 82.9%. The increase was due primarily to a full year of amortization of intangible assets in 2019 attributable to 2018 business acquisitions and, to a lesser extent, an increase in depreciation expense related to an increase in purchases of property and equipment during the year ended December 31, 2019 to support our growth.

Marketing fund expense. Marketing fund expense was $8.2 million in the year ended December 31, 2019, compared to $3.3 million in the year ended December 31, 2018, an increase of $4.9 million, or 148.5%. The increase was consistent with the increase in franchise marketing fund revenue.

Acquisition and transaction expenses (income). Acquisition and transaction expenses were $7.9 million in the year ended December 31, 2019, compared to $18.1 million in the year ended December 31, 2018, a decrease of $10.2 million, or 56.4%. The 2019 expenses represent the non-cash change in contingent consideration related to 2017 and 2018 business acquisitions. The 2018 acquisition and transaction expenses include $3.2 million in expenses related to costs incurred in connection with the acquisition of businesses in 2018 and $14.9 million in non-cash change in contingent consideration related to 2017 business acquisitions. The decrease was the result of there being no business acquisitions in 2019 and the decrease in change in contingent consideration from acquisitions, which was primarily attributable to the majority of milestones related to 2017 acquisitions being reached in 2018, and fewer milestones related to 2018 acquisitions.

Other (Income) Expense, net

	Year Ended December 31,	
	2018	2019
	(in thousands)	
Interest income	$(56)	$(168)
Interest expense	6,253	16,087
Total other expense, net	$ 6,197	$ 15,919

Interest income. Interest income primarily consists of interest on notes receivable and was insignificant in each of the years ended December 31, 2018 and 2019.

Interest expense. Interest expense was $16.1 million in the year ended December 31, 2019, compared to $6.3 million in the year ended December 31, 2018, an increase of $9.8 million, or 155.6%. Interest expense consists of interest on notes payable and long-term debt, accretion of earn-out liabilities and amortization of deferred loan costs. The increase was due primarily to a $1.4 million increase in earn-out accretion and an $8.1 million increase in interest on long-term debt due primarily to a higher average outstanding debt balance in 2019.

Income Taxes

	Year Ended December 31,	
	2018	2019
	(in thousands)	
Income taxes	$ 73	$ 164

Income taxes. Income taxes were $0.2 million in the year ended December 31, 2019, compared to $0.1 million in the year ended December 31, 2018.

Liquidity and Capital Resources

As of March 31, 2021, we had $6.3 million of cash and cash equivalents, excluding $1.0 million of restricted cash for marketing fund purposes.

We require cash principally to fund day-to-day operations, finance capital investments, service our outstanding debt and address our working capital needs. Based on our current level of operations and anticipated growth, we believe that our available cash balance, the cash generated from our operations, and amounts available under our credit facility will be adequate to meet our anticipated debt service requirements and obligations under our TRA, capital expenditures, payment of tax distributions and working capital needs for at least the next twelve months. Our ability to continue to fund these items and continue to reduce debt could be adversely affected by the occurrence of any of the events described under “Risk Factors.” There can be no assurance, however, that our business will generate sufficient cash flows from operations or that future borrowings will be available under our credit facility or otherwise to enable us to service our indebtedness,

including our credit facility, or to make anticipated capital expenditures. Our future operating performance and our ability to service, extend or refinance the credit facility will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

Credit Facility

On April 19, 2021, we entered into a Financing Agreement with Wilmington Trust, National Association, as administrative agent and collateral agent, and the lenders party thereto (the "Credit Agreement"), which consists of a $212 million senior secured term loan facility (the "Term Loan Facility", and the loans thereunder, the "Term Loans"). Our obligations under the Credit Agreement are guaranteed by Xponential Intermediate Holdings, LLC and certain of our material subsidiaries, and are secured by substantially all of the assets of Xponential Intermediate Holdings, LLC and certain of our material subsidiaries.

Under the Credit Agreement, we are required to make: (i) monthly payments of interest on the Term Loans and (ii) quarterly principal payments equal to 0.25% of the original principal amount of the Term Loans. Borrowings under the Term Loan Facility bear interest at a per annum rate of, at our option, either (a) the LIBOR Rate (as defined in the Credit Agreement) plus a margin of 6.50% or (b) the Reference Rate (as defined in the Credit Agreement) plus a margin of 5.50%.

The Credit Agreement also contains mandatory prepayments of the Term Loans with: (i) 50% of Xponential Intermediate Holdings, LLC and its subsidiaries' Excess Cash Flow (as defined in the Credit Agreement), subject to certain exceptions; (ii) 100% of the net proceeds of certain asset sales and insurance/condemnation events, subject to reinvestment rights and certain other exceptions; (iii) 100% of the net proceeds of certain extraordinary receipts, subject to reinvestment rights and certain other exceptions; (iv) 100% of the net proceeds of any incurrence of debt, excluding certain permitted debt issuances; and (v) up to $60 million of net proceeds in connection with an initial public offering of at least $200 million, subject to certain exceptions.

All voluntary prepayments and certain mandatory prepayments of the Term Loan made (i) on or prior to the first anniversary of the closing date are subject to a 2.00% premium on the principal amount of such prepayment and (ii) after the first anniversary of the closing date and on or prior to the second anniversary of the closing date are subject to a 0.50% premium on the principal amount of such prepayment. Otherwise, the Term Loans may be paid without premium or penalty, other than customary breakage costs with respect to LIBOR Rate Term Loans.

The Credit Agreement contains customary affirmative and negative covenants, including, among other things: (i) to maintain certain total leverage ratios, liquidity levels and EBITDA levels (in each case, as discussed further in the Credit Agreement); (ii) to use the proceeds of borrowings only for certain specified purposes; (iii) to refrain from entering into certain agreements outside of the ordinary course of business, including with respect to consolidation or mergers; (iv) restricting further indebtedness or liens; (v) restricting certain transactions with our affiliates; (vi) restricting investments; (vii) restricting prepayments of subordinated indebtedness; (viii) restricting certain payments, including certain payments to our affiliates or equity holders and distributions to equity holders; and (ix) restricting the issuance of equity.

The Credit Agreement also contains customary events of default, which could result in acceleration of amounts due under the Credit Agreement. Such events of default include, subject to the grace periods specified therein, our failure to pay principal or interest when due, our failure to satisfy or comply with covenants, a change of control, the imposition of certain judgments and the invalidation of liens we have granted.

The proceeds of the Term Loan were used to repay principal, interest and fees outstanding under our prior financing agreement (including a prepayment penalty of approximately $1.9 million) and for working capital and other corporate purposes. Principal payments of the Term Loan of $0.53 million are due quarterly.

PPP Loan

In April 2020, we entered into a promissory note (the "PPP Loan") with Citizens Business Bank under the Paycheck Protection Program of the CARES Act pursuant to which Citizens Business Bank agreed to make a loan to us in the amount of approximately $3.7 million. The PPP Loan matures in April 2022, bears interest at a rate of 1.0% per annum and requires no payments during the first 16 months from the date of the loan.

Under the terms of the PPP Loan, the principal amount of the loan may be forgiven to the extent it is used for qualifying expenses as described in the CARES Act and we requested forgiveness in accordance with the terms of the PPP Loan and the requirements of the SBA. While we requested that the entire principal amount of the PPP Loan be forgiven, and we believe we have complied with all corresponding requirements, we cannot guarantee that we will be successful in obtaining forgiveness of all or any part of such principal amount. We will be required to repay any principal amount of the PPP Loan that is not forgiven, together with accrued and unpaid interest, in equal monthly installments prior to the maturity date of the loan, which would restrict our operating and financial flexibility and could have an adverse impact on our business, results of operations and financial condition.

Cash Flows

The following table presents summary audited cash flow information for the years ended December 31, 2018, 2019 and 2020 and unaudited cash flow information for the three months ended March 31, 2020 and 2021:

	Year Ended December 31,			Three Months Ended March 31,	
	2018	2019	2020	2020	2021
			(in thousands)		
Net cash provided by (used in) operating activities	$836	$1,548	$ (728)	$ 970	$ (200)
Net cash used in investing activities	(24,431)	(9,779)	(4,601)	(974)	(1,649)
Net cash provided by financing activities	31,488	6,361	7,289	(765)	(2,100)
Net increase (decrease) in cash	$ 7,893	$ (1,870)	$1,960	$ (769)	$ (3,949)

Cash Flows from Operating Activities

In the three months ended March 31, 2021, cash used in operating activities was $0.2 million, compared to cash provided of $1.0 million in the three months ended March 31, 2020, a decrease in cash provided of $1.2 million. Of the change, $4.0 million was due to a higher net loss adjusted for non-cash items. This amount was largely offset by the following changes in cash flows from operating assets and liabilities:

- accounts payable, accrued expenses and other liabilities increased $3.0 million due to timing of payments;
- deferred revenue decreased $1.2 million due to a decrease in sales of additional franchises;
- current assets, excluding deferred costs, decreased $0.2 million due primarily to a decrease in accounts receivable, partially offset by increases in inventories and prepaid expenses and other current assets; and
- deferred costs increased $1.3 million due to a decrease in sales of additional franchises.

In 2020, cash used in operating activities was $0.7 million, compared to cash provided of $1.5 million in 2019, a decrease in cash provided of $2.2 million. Of the change, $7.2 million was due to a lower net loss adjusted for non-cash items. This amount was more than offset by the following changes in cash flows from operating assets and liabilities:

- accounts payable, accrued expenses and other liabilities decreased $6.5 million due to timing of payments;
- deferred revenue decreased $28.1 million due to a decrease in sales of additional franchises;
- current assets, excluding deferred costs, increased $8.0 million due primarily to an increase in accounts receivable; and
- deferred costs increased $17.3 million due to a decrease in sales of additional franchises.

In 2019, cash provided by operating activities was $1.5 million, compared to $0.8 million in 2018, an increase of $0.7 million. Of the increase, $5.5 million was due to a lower net loss adjusted for non-cash items. This amount was largely offset by the following changes in cash flows from operating assets and liabilities:

- accounts payable, accrued expenses and other liabilities decreased $3.8 million due to timing of payments;
- deferred revenue increased $8.1 million due to sales of additional franchises;
- current assets, excluding deferred costs, decreased $4.7 million due primarily to an increase in accounts receivable; and
- deferred costs decreased $4.3 million due to sales of additional franchises.

Cash Flows from Investing Activities

In the three months ended March 31, 2021, cash used in investing activities was $1.6 million, compared to $1.0 million in the three months ended March 31, 2020, an increase of $0.6 million. The increase was primarily attributable to an increase in cash used to purchase property and equipment, intangible assets and company-owned studios, partially offset by a decrease in cash used to fund notes receivable.

In 2020, cash used in investing activities was $4.6 million, compared to $9.8 million in 2019, a decrease of $5.2 million. The decrease was primarily attributable to a decrease in cash used to purchase property and equipment and to fund notes receivable.

In 2019, cash used in investing activities was $9.8 million, compared to $24.4 million in 2018, a decrease of $14.6 million. The decrease was primarily attributable to a $15.2 million decrease in cash used to acquire businesses.

Cash Flows from Financing Activities

In the three months ended March 31, 2021, cash used in financing activities was $2.1 million, compared to $0.8 million in the three months ended March 31, 2020, an increase in cash used of $1.3 million. The increase was primarily attributable to a decrease in net borrowings on our line of credit and long-term debt of $20.9 million, a decrease in member contributions of $17.3 million, a decrease in net receipts from member and affiliates of $30.3 million, partially offset by decreases in distributions to member of $62.6 million and in payment of debt issuance costs of $4.8 million.

In 2020, cash provided by financing activities was $7.3 million, compared to $6.4 million in 2019, an increase of $0.9 million. The increase was primarily attributable to an increase in net borrowings on our line of credit and long-term debt of $21.0 million, member contributions in 2020 of $27.3 million, net receipts from member and affiliates of $31.0 million partially offset by distributions to member of $73.2 million in 2020 and an increase in payment of debt issuance costs of $5.0 million.

In 2019, cash provided by financing activities was $6.4 million, compared to $31.5 million in 2018, a decrease of $25.1 million. The decrease was primarily attributable to a decrease in net borrowings on our line of credit and long-term debt of $22.2 million, a decrease in net loans from a related party of $3.2 million and payment of contingent consideration in 2019 of $1.7 million, partially offset by a decrease in payment of debt issuance costs of $1.5 million and a decrease in net advances to member and affiliates of $0.5 million.

Receivables from H&W Intermediate

As described in Note 9 to our consolidated financial statements included elsewhere in this prospectus, as of December 31, 2018, we had a receivable from H&W Intermediate related to advances to H&W Intermediate, funds provided to STG for operating expenses and debt service aggregating $31.3 million. No interest income was received or accrued by us related to these receivables.

The amount due from H&W Intermediate also included the STG long-term debt balance of $13.2 million. As described in Note 8 to our consolidated financial statements included elsewhere in this prospectus, we and STG were jointly and severally liable for borrowings under the Prior Credit Agreement. During 2018, we began servicing the STG portion of the debt and determined STG did not have the ability to repay its portion of the loan. Therefore, the total outstanding debt was recognized in our consolidated financial statements at December 31, 2018. The aggregate receivable from H&W Intermediate at December 31, 2019 was $31.7 million, which was repaid in February 2020. During 2020, we provided additional net funds to STG of $1.5 million, which is recorded as a reduction to member's equity at December 31, 2020.

As of December 31, 2019, and 2020, these receivables from H&W Intermediate are reflected on our consolidated financial statements as a reduction to equity of $31.7 million and $1.5 million, respectively, as we determined that H&W Intermediate had no plan to repay these amounts in the foreseeable future. As described in Note 9 to our consolidated financial statements included elsewhere in this prospectus, in February 2020 H&W Intermediate contributed $49.4 million to us, of which $32.2 million was in satisfaction of the receivable outstanding at the date of the payment and the remainder was a contribution. Also, in February 2020, we returned $19.4 million of the contribution to H&W Intermediate, which was recorded as a distribution.

Post-Offering Taxation and Expenses

After the Reorganization Transactions, Xponential Holdings LLC will be taxed as a partnership for federal income tax purposes and, as a result, its members, including Xponential Fitness, Inc. will pay income taxes with respect to their allocable shares of its net taxable income. In addition to tax expenses, we also will incur expenses related to our operations, plus we will be required to make payments under the TRA which may be significant. We intend to cause Xponential Holdings LLC to make distributions in an amount sufficient to allow us to pay our tax obligations and operating expenses, including distributions to fund any ordinary course payments due under the TRA. See "Organizational Structure—Amended and Restated LLC Agreement" and "Organizational Structure—Tax Receivable Agreement."

Tax Receivable Agreement

Under the Amended LLC Agreement, holders of LLC Units (other than us) will have the right, from and after the completion of this offering (subject to the terms of the Amended LLC Agreement), to require Xponential Holdings LLC to redeem or exchange their LLC Units for shares of our Class A common stock on a

one-for-one basis or, at our election, cash. We will succeed to the share of the existing tax basis that Xponential Holdings LLC has in its assets that is allocable to the redeemed or exchanged units, which may reduce the amount of tax that we would otherwise be required to pay in the future. In addition, Xponential Holdings LLC intends to make an election under Section 754 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the "Code"), effective for each taxable year in which a redemption or exchange of LLC Units for shares of Class A common stock or cash occurs, which is expected to result in increases to the tax basis of the assets of Xponential Holdings LLC at the time of a redemption or exchange of LLC Units. These increases in tax basis may also reduce the amount of tax that we would otherwise be required to pay in the future. We also expect that certain NOLs and other tax attributes will be available to us as a result of the Mergers.

Upon the completion of this offering, we will be a party to the TRA with the Continuing Pre-IPO LLC Members and the Reorganization Parties. Under the TRA, we generally will be required to pay to the TRA parties in the aggregate 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of (i) certain tax attributes that are created as a result of the redemptions or exchanges of LLC Units for shares of our Class A common stock or cash, (ii) any existing tax attributes associated with LLC Units we acquire, the benefit of which will be allocable to us as a result of the Mergers and exchanges by Continuing Pre-IPO LLC Members of their LLC Units for shares of our Class A common stock or cash (including the portion of Xponential Holdings LLC's existing tax basis in its assets that is allocable to the LLC Units that are acquired), (iii) tax benefits related to imputed interest, (iv) NOLs available to us as a result of the Mergers and (v) tax attributes resulting from payments under the TRA. These payment obligations are obligations of Xponential Fitness, Inc. and not of Xponential Holdings LLC.

Assuming no material changes in relevant tax law and that we earn sufficient taxable income to realize all tax benefits that are subject to the TRA, we expect that the tax savings associated with (1) the Mergers and (2) future exchanges of LLC Units as described above would aggregate to approximately $ over the 15-year period from the date of the completion of this offering, based on an assumed initial public offering price of $ per share of our Class A common stock (the midpoint of the estimated price range set forth on the cover page of this prospectus) and assuming all future exchanges would occur within one year of the completion of this offering. Under this scenario we would be required to pay the other parties to the TRA approximately 85% of such amount, or $, over the 15-year period from the date of the completion of this offering. The actual amounts we will be required to pay may materially differ from these hypothetical amounts, because potential future tax savings that we will be deemed to realize, and TRA payments by us, will be calculated based in part on the market value of our Class A common stock at the time of each exchange of an LLC Unit for a share of Class A common stock and the prevailing applicable federal tax rate (plus the assumed combined state and local tax rate) applicable to us over the life of the TRA and will depend on our generating sufficient future taxable income to realize the tax benefits that are subject to the TRA. See "Certain Relationships and Related Party Transactions—Tax Receivable Agreement." Payments under the TRA are not conditioned on our existing owners' continued ownership of us after this offering.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of December 31, 2020:

	Contractual Obligations and Commitments (in thousands)				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations(1)	$ 46,576	$ 6,319	$ 11,974	$ 11,418	$ 16,865
Debt, principal(2)	186,891	5,795	8,996	172,100	—
Debt, interest(3)	59,652	14,845	28,637	16,170	—
Contingent consideration payments(4)	11,413	3,313	8,100	—	—
Total	$ 304,532	$ 30,272	$ 57,707	$ 199,688	$ 16,865

(1) We lease our facilities under non-cancelable operating leases.

(2) Represents scheduled debt obligation payments on debt outstanding as of December 31, 2020. In April 2021, this debt was replaced with $212 million borrowed on the Credit Agreement described above.

(3) Represents scheduled interest payments.

(4) Includes current and noncurrent estimated contingent consideration liabilities at December 31, 2020, based on expected achievement dates forearn-out targets, which includes the following contingent consideration: (i) $2.1 million to be paid to Stretch Lab LLC in quarterly payments of $0.7 million; (ii) $1.0 million payable to Yoga 6 Company, LLC for achievement of certain performance milestones of Yoga Six, payable in 12 monthly installments beginning in January 2021; (iii) up to $0.2 million payable to Studio Tread, Inc. upon the achievement of certain performance milestones for Stride; and (iv) $7.5 million payable to MVI for the achievement of certain performance milestones for CycleBar, as amended in March 2020, including accrued interest of $0.6 million at December 31, 2020. Excludes change of control earn-out amounts for which payment date and amount of payment are not estimable. The recorded liability for change of control earn-outs at December 31, 2020 is $0.3 million.

Off-Balance Sheet Arrangements

As of December 31, 2020 and March 31, 2021, we did not have anyoff-balance sheet arrangements as defined in the rules and regulations of the SEC.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

We are exposed to interest rate risk on our borrowing under our credit facility. We have a LIBOR-based floating rate borrowing under our credit facility, which exposes us to variability in interest payments due to changes in the reference interest rate.

As of December 31, 2020, we had $183.2 million of borrowings outstanding under our credit facility which bears interest on a floating basis tied to LIBOR and therefore subject to changes in the associated interest expense. The effect of an immediate hypothetical 10% change in interest rates would not have a material effect on our consolidated financial statements.

Foreign Currency Exchange Risk

As we expand internationally, our results of operations and cash flows may become increasingly subject to fluctuations due to changes in foreign currency exchange rates. Our revenue is denominated primarily in U.S. dollars. Our expenses are generally denominated in the currencies in which our operations are located, which are primarily in the United States. As of December 31, 2020, the effect of a 10% adverse change in exchange rates on foreign denominated cash and cash equivalents, receivables and payables would not have been material for the period presented. As our operations in countries outside of the United States grow, our results of operations and cash flows may be subject to fluctuations due to changes in foreign currency exchange rates, which could harm our business in the future. To date, we have not entered into any material foreign currency hedging contracts, although we may do so in the future.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures of contingent assets and liabilities. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. Actual results may differ from those estimates.

Our critical accounting policies are those that materially affect our consolidated financial statements including those that involve difficult, subjective or complex judgments by management. A thorough understanding of these critical accounting policies is essential when reviewing our consolidated financial statements. We believe that the critical accounting policies listed below are those that are most important to our results of operations or involve the most difficult management decisions related to the use of significant estimates and assumptions as described above. For a more detailed summary of our significant accounting policies, see the notes to our consolidated financial statements included elsewhere in this prospectus.

Revenue Recognition

Our contracts with customers consist of franchise agreements with franchisees. We also enter into agreements to sell merchandise and equipment, training, digital platform services and membership to company-owned studios. Our revenue consists of franchise revenue, merchandise revenue and franchise marketing fund revenue which we consider recurring revenue, as well as equipment revenue and other service revenue. In addition, we earn on-demand revenue, service revenue and other revenue.

Each of our primary sources of revenue and their respective revenue policies are discussed further below.

Franchise revenue: We enter into franchise agreements for each studio. Our performance obligation under the franchise license is granting certain rights to access our intellectual property; all other services we provide under the franchise agreement are highly interrelated, not distinct within the contract, and therefore accounted for as a single performance obligation, which is satisfied over the term of each franchise agreement. Those services include initial development, operational training, preopening support and access to our technology throughout the franchise term. Fees generated related to the franchise license include development fees, royalty fees, marketing fees, technology fees and transfer fees which are discussed further below. Variable fees are not estimated at contract inception, and are recognized as revenue when invoiced, which occurs monthly. We have concluded that our agreements do not contain any financing components.

Franchise development fee revenue: Our franchise agreements typically operate underten-year terms with the option to renew for up to two additional five-year successor terms. We determined the renewal options are neither qualitatively nor quantitatively material and do not represent a material right. Initial franchise fees are non-refundable and are typically collected upon signing of the franchise agreement. Initial franchise fees are recorded as deferred revenue when received and are recognized on a straight-line basis over the franchise life, which we have determined to be ten years (and five years for renewals) as we fulfill our promise to grant the franchisee the rights to access and benefit from our intellectual property and to support and maintain the intellectual property.

We may enter into an area development agreement with certain franchisees. Area development agreements are for a territory in which a developer has agreed to develop and operate a certain number of franchise locations over a stipulated period of time. The related territory is unavailable to any other party and is no longer marketed to future franchisees by us. Depending on the number of studios purchased, under franchise agreements or area development agreements, the initial franchise fee ranges from $60,000 (single studio), to $350,000 (ten studios) and is paid to us when a franchisee signs the area development agreement. Area development fees are initially recorded as deferred revenue. The development fees are allocated to the number of studios purchased under the development agreement. The revenue is recognized on a straight-line basis over the franchise life for each studio under the development agreement. Development fees and franchise fees are generally recognized as revenue upon the termination of the development agreement with the franchisee.

We may enter into master franchise agreements with master franchisees, under which the master franchisee sells licenses to franchisees in one or more countries outside of North America. The master franchise agreements generally provide a ten-year period under which the master franchisee may sell licenses. The master

franchise agreement term ends on the earlier of the expiration or termination of the last franchise agreement sold by the master franchisee. Initial master franchise fees are recorded as deferred revenue when received and are recognized on a straight-line basis over 20 years.

Franchise royalty fee revenue: Royalty revenue represents royalties earned from each of the franchised studios in accordance with the franchise disclosure document and the franchise agreement for use of the various brands' names, processes and procedures. The royalty rate in the franchise agreement is typically 7% of the gross sales of each location operated by each franchisee. Royalties are billed on a monthly basis. The royalties are entirely related to our performance obligation under the franchise agreement and are billed and recognized as franchisee sales occur.

Technology fees: We may provide access to third-party or other proprietary technology solutions to the franchisee for a fee. The technology solution may include various software licenses for statistical tracking, scheduling, allowing club members to record their personal workout statistics, music and technology support. We bill and recognize the technology fee as earned each month as the technology solution service is performed.

Transfer fees: Transfer fees are paid to us when one franchisee transfers a franchise agreement to a different franchisee. Transfer fees are recognized as revenue on a straight-line basis over the term of the new or assumed franchise agreement, unless the original franchise agreement for an existing studio is terminated, in which case the transfer fee is recognized immediately.

Training revenue: We provide coach training services either through direct training of the coaches who are hired by franchisees or by providing the materials and curriculum directly to the franchisees who utilize the materials to train their hired coaches. Direct training fees are recognized over time as training is provided. Training fees for materials and curriculum are recognized at the point in time of delivery of the materials.

We also offer coach training and final coach certification through online classes. Fees received by us for online class training are recognized as revenue over time for the twelve-month period that we are obligated to provide access to the online training content.

Franchise marketing fund revenue: Franchisees are required to pay marketing fees of 2% of their gross sales. The marketing fees are collected by us monthly and are to be used for the advertising, marketing, market research, product development, public relations programs and materials deemed appropriate to benefit brands. Our promise to provide the marketing services funded through the marketing fund is considered a component of our performance obligation to grant the franchise license. We bill and recognize marketing fund fees as revenue each month as gross sales occur. Marketing fund expenses are recognized as incurred, and any marketing fund expenditures in excess of marketing fund fees are reclassified as selling, general and administrative expenses in the consolidated statements of operations.

Equipment and Merchandise Revenue

The following revenues are generated as a result of transactions with or related to franchisees.

Equipment revenue: We also sell authorized equipment to franchisees to be used in the franchised studios. Certain franchisees may prepay for equipment, and in that circumstance, the revenue is deferred until delivery. Equipment revenue is recognized when control of the equipment is transferred to the franchisee, which is at the point in time when delivery and installation of the equipment at the studio is complete.

Merchandise revenue: We sell branded and non-branded merchandise to franchisees for retail sales to members at studios. For branded merchandise sales, the performance obligation is satisfied at the point in time of shipment of the ordered branded merchandise to the franchisee. For such branded merchandise sales, we are the principal in the transaction as we control the merchandise prior to it being delivered to the franchisee. We record

branded merchandise revenue and related costs upon shipment on a gross basis. Franchisees have the right to return and/or receive credit for defective merchandise. Returns and credit for defective merchandise were not significant for the years ended December 31, 2019 and 2020 or the three months ended March 31, 2020 and 2021.

For certain non-branded merchandise sales, we earn a commission to facilitate the transaction between the franchisee and the supplier. For such non-branded merchandise sales, we are the agent in the transaction, facilitating the transaction between the franchisee and the supplier, as we do not obtain control of the non-branded merchandise during the order fulfillment process. We record non-branded merchandise commissions revenue at the time of shipment.

Other Service Revenue

Service revenue: For company-owned studios, our distinct performance obligation is to provide the fitness classes to the member. Revenue from company-owned studios has been very limited as we typically only own a limited number of studios and only for a short period of time pending the resale of the licenses to a franchisee. The company-owned studios sell memberships by individual class and by class packages. Revenue from the sale of classes and class packages for a specified number of classes are recognized over time as the member attends and utilizes the classes. Revenues from the sale of class packages for an unlimited number of classes are recognized over time on a straight-line basis over the duration of the contract period.

Digital platform revenue: We grant subscribers access to an online platform, which contains a library of virtual classes that is continually updated, through monthly or annual subscription packages. Revenue is recognized over time on a straight-line basis over the subscription period.

Other revenue: We sold vouchers through third parties allowing up to four trial classes at local studios operated by franchisees. We recognized revenue at the time the vouchers were redeemed, as third parties provided monthly reports detailing purchases and redemptions with submission of funds. We no longer sell vouchers and as of December 31, 2018, we had no vouchers outstanding for which we would continue to recognize revenue.

Additionally, we earn commission income from certain of our franchisees' use of certain preferred vendors other than from merchandise and equipment described above. In these arrangements, we are the agent as we are not primarily responsible for fulfilling the orders. Commissions are earned and recognized at the point in time the vendor ships the product to franchisees.

Sales taxes, value added taxes and other taxes that are collected in connection with revenue transactions are withheld and remitted to the respective taxing authorities. As such, these taxes are excluded from revenue. We account for shipping and handling as activities to fulfill the promise to transfer the good. Therefore, shipping and handling fees that are billed to customers, who are primarily franchisees, are recognized in revenue and the associated shipping and handling costs are recognized in cost of product sold as soon as control of the goods transfers to the customer.

Contract Costs

Contract costs consist of deferred commissions resulting from franchise and area development sales by third-party and affiliate brokers and sales personnel. The total commission charged by the broker is deferred at the point of a franchise sale. The commissions are evenly split among the number of studios purchased under the development agreement and begin to be amortized when a subsequent franchise agreement is executed. The commissions are recognized on a straight-line basis over the initial ten-year franchise agreement term to align with the recognition of the franchise agreement or area development fees.

Business Combinations

We account for business combinations using the acquisition method of accounting, which results in the assets acquired and liabilities assumed being recorded at fair value.

The valuation methodologies used are based upon the nature of the asset or liability. The significant assets and liabilities measured at fair value include intangible assets and deferred revenue. The fair value of trademarks is estimated by following the relief from royalty method. The fair value of franchise agreements and customer relationships is based upon following the excess earnings method. Inputs used in the methodologies primarily included sales forecasts, projected future cash flows, royalty rate and discount rate commensurate with the risk involved.

Amortization of definite-lived trademarks, franchise agreements and customer relationships is recorded over the estimated useful lives of the assets using the straight-line method, which we believe approximates the period during which we expect to receive the related benefits.

Consideration for certain business combinations during the year ended December 31, 2018 and the three months ended March 31, 2021 included the issuance of H&W Franchise Holdings' shares. The shares were valued using factors including recent equity recapitalizations of H&W Franchise Holdings, comparable industry transactions, adjusted EBITDA multiples ranging from 14.1x to 23.6x and the estimated fair value of our reporting units. Assuming there had been a 10% increase in the fair value of the H&W Franchise Holdings shares contributed goodwill would have increased by approximately $4.3 million in 2018 and $2.0 million in the three months ended March 31, 2021.

Acquisition-Related Contingent Consideration

Some of the business combinations that we have consummated include contingent consideration to be potentially paid based upon the occurrence of future events, such as the achievement of franchise studio openings and change of control earn-outs. Acquisition-related contingent consideration associated with a business combination is initially recognized at fair value and remeasured each reporting period, with changes in fair value recorded in the consolidated statement of operations. The estimates of fair value involve the use of acceptable valuation methods, such as probability-weighted discounted cash flow analysis, and contain uncertainties as they require assumptions about the likelihood of achieving specified milestone criteria, projections of future financial performance and assumed discount rates. Changes in the fair value of the acquisition-related contingent consideration result from several factors including changes in the timing and amount of revenue estimates, changes in probability assumptions with respect to the likelihood of achieving specified milestone criteria and changes in discount rates. A change in any of these assumptions could produce a different fair value, which could have a material impact on our results of operations. Assuming there had been a 10% increase in the fair value of operational or change of control distribution valuations, contingent consideration would have increased by $0.2 million, $0.8 million and $1.1 million for the years ended December 31, 2018, 2019 and 2020, respectively. Changes would have been less than $0.1 million in each of the three-month periods ended March 31, 2020 and 2021.

Impairment of Long-Lived Assets, Including Goodwill and Intangible Assets

Goodwill has been assigned to our reporting units for purposes of impairment testing. Our nine reporting units are each of the brand names under which we sell franchises. We test for impairment of goodwill annually or sooner whenever events or circumstances indicate that goodwill might be impaired. The annual impairment test is performed as of the first day of our fourth quarter. The annual goodwill test begins with a qualitative assessment, where qualitative factors and their impact on critical inputs are assessed to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If we determine that a reporting unit has an indication of impairment based on the qualitative assessment, we are required to perform a quantitative assessment. We generally determine the estimated fair value using a

discounted cash flow approach, giving consideration to the market valuation approach. If the carrying value exceeds the estimate of fair value a write-down is recorded. We calculate impairment as the excess of the carrying value of goodwill over the estimated fair value.

We test for impairment of indefinite-lived trademarks annually or sooner whenever events or circumstances indicate that trademarks might be impaired. We first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of the trademarks is less than the carrying amount. In the absence of sufficient qualitative factors, trademark impairment is determined utilizing a two-step analysis. The two-step analysis involves comparing the fair value to the carrying value of the trademarks. We determine the estimated fair value using a relief from royalty approach. If the carrying amount exceeds the fair value, we impair the trademarks to their fair value.

We assess potential impairments to our long-lived assets, which include property and equipment and amortizable intangible assets, whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of an asset is measured by a comparison of the carrying amount of an asset group to the estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount of the asset group exceeds its estimated undiscounted future cash flows, an impairment charge is recognized as the amount by which the carrying amount of the asset exceeds the fair value of the asset.

There were no impairment charges recorded during the years ended December 31, 2018, 2019 or 2020 or the three months ended March 31, 2020 or 2021. The estimated fair value of the respective reporting units substantially exceeds their carrying value.

Equity-Based Compensation

We have equity-based compensation plans under which we receive services from our employees as consideration for equity instruments, including phantom units and profit interest units on H&W Franchise Holdings. The compensation expense is determined based on the fair value of the award as of the grant date. To value the underlying H&W units, we utilized a discounted cash flow analysis, a market approach of comparable companies in our industry and a comparable acquisitions analysis. The market approach involves companies in our industry that we determine to be comparable. Comparable acquisitions analysis involves analyzing sales of controlling interests in companies that we determine are comparable. In conducting this valuation, we also took into consideration recent valuation reports of third-party valuation specialists prepared for us, as well as any significant internal and external events occurring subsequent to those reports that may have caused the value of the units to increase or decrease since the dates of those reports. Estimates used in our valuation of equity-based compensation are highly complex and subjective. Valuations and estimates of our common stock value will no longer be necessary once we are a publicly traded company, at which point we will rely on market price to determine the market value of our shares.

Compensation expense for time-based units is recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. Compensation expense for performance-based units will be recorded when the performance targets are met.

Emerging Growth Company

Pursuant to the JOBS Act, an emerging growth company is provided the option to adopt new or revised accounting standards that may be issued by the Financial Accounting Standards Board (the “FASB”) or the SEC either (i) within the same periods as those otherwise applicable to non-emerging growth companies or (ii) within the same time periods as private companies. We intend to take advantage of the exemption for complying with new or revised accounting standards within the same time periods as private companies. Accordingly, the information contained herein may be different than the information you receive from other public companies.

We also intend to take advantage of some of the reduced regulatory and reporting requirements of emerging growth companies pursuant to the JOBS Act so long as we qualify as an emerging growth company, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation, and exemptions from the requirements of holding non-binding advisory votes on executive compensation and golden parachute payments.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 to our consolidated financial statements included elsewhere in this prospectus.

Internal Control over Financial Reporting

In the course of preparing the financial statements that are included in this prospectus, our independent registered public accountants identified certain material weaknesses in our internal control over financial reporting. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses identified related to lack of adequate anti-fraud programs or formalized controls, and the lack of design and implementation of general information technology controls or other controls over information provided by third-party service providers. For more information, see "Risk Factors—Risks Related to Our Class A Common Stock and this Offering—We have identified material weaknesses in our internal control over financial reporting for the year ended December 31, 2020. If we are unable to remediate these material weaknesses, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls in the future, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our Class A common stock."

We are implementing measures designed to improve our internal control over financial reporting to remediate these material weaknesses, including implementing anti-fraud programs and formalized policies and processes. These additional procedures are designed to enable us to broaden the scope and quality of our internal review of underlying information related to financial reporting and to enhance our internal control. With the oversight of senior management, we have begun taking steps to remediate the underlying causes of the material weaknesses, though there can be no assurance that we will be successful in doing so.

In accordance with the provisions of the JOBS Act, we and our independent registered public accounting firm were not required to, and did not, perform an evaluation of our internal control over financial reporting as of December 31, 2020, nor any period subsequent in accordance with the provisions of the Sarbanes-Oxley Act. Accordingly, we cannot assure you that we have identified all, or that we will not in the future have additional, material weaknesses. Material weaknesses may still exist when we report on the effectiveness of our internal control over financial reporting as required under Section 404 of the Sarbanes-Oxley Act after the completion of this offering.

BUSINESS

Overview

Xponential Fitness is a curator of leading boutique fitness brands across multiple verticals. Our mission is to make highly specialized workouts in motivating, community-based environments accessible to everyone. We are the largest boutique fitness franchisor in the United States with over 1,750 studios operating across nine distinct brands. Our diversified portfolio of brands spans a variety of fitness and wellness verticals, including Pilates, barre, cycling, stretch, rowing, yoga, boxing, dance and running. By leveraging our network of over 1,400 franchisees, we are able to capitalize on popular and proven fitness modalities to rapidly and efficiently expand boutique fitness experiences globally. Collectively, our brands offer consumers engaging experiences that appeal to a broad range of ages, fitness levels and demographics. Across our brands system-wide, consumers completed nearly 20 million in-studio, live stream and virtual workouts in 2020.

The foundation of our business is built on strong partnerships with franchisees. We provide franchisees with extensive support to help maximize the performance of their studios and enhance their return on investment. In turn, this partnership accelerates our growth and increases our profitability. We believe our unique combination of a scaled multi-brand offering, resilient franchise model with strong unit economics and integrated platform has enabled us to build our leading market position in the large and growing U.S. boutique fitness industry.

Our Market Leading Brand Portfolio

CLUB PILATES

- Largest Pilates brand, created with the vision to make Pilates more accessible, approachable and welcoming to everyone
- 633 studios

pure barre

- Largest barre brand; offers an effective, low-impact workout for all ages and fitness levels
- 589 studios

CYCLEBAR

- Largest indoor cycling brand, offering an inclusive low-impact/high intensity indoor cycling experience for all ages and experience levels
- 226 studios

STRETCHLAB

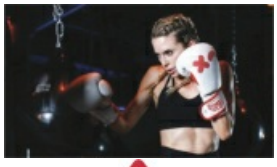
- First to offer 1x1 assisted stretching classes
- Highly complementary with our other brands
- 109 studios

ROW HOUSE

- Largest rowing brand, offering full body/low impact workout which has revolutionized the way people view indoor rowing
- 87 studios

YOGASIX

- Largest franchised yoga brand, dedicated to the evolution and modernization of yoga
- 93 studios



- Boxing-based concept offering a 10-round, high energy cardio workout split between boxing drills and resistance training
- 13 studios

- Dance-based cardio concept founded by celebrity trainer Anna Kaiser combining dance, intervals and strength training
- 20 studios

STRIDE

- Treadmill-based cardio and strength workout, offering coached interval running classes for all fitness levels
- 5 open studios

Note: Studio counts as of March 31, 2021.

We carefully built the Xponential Fitness brand portfolio through a series of acquisitions, targeting select health and wellness verticals. In curating our portfolio, we identified brands with exceptional programming and a loyal consumer base which we believed would benefit from our operational expertise, franchising experience and scaled platform. With over 245 years of collective industry experience, our management team and brand presidents are the driving force behind our operational excellence. We have established a proven operational model (the "Xponential Playbook") that helps franchisees generate compelling studio economics. This model has allowed us to provide extensive support to franchisees during the COVID-19 pandemic. The key pillars of our Xponential Playbook include:

- *optimizing the studio prototype and investment cost;*

- *thoroughly vetting franchisee candidates;*
- *real estate identification, site selection, studio build-out and design assistance;*
- *comprehensive pre-opening support, including membership sales, marketing support, employee training and programming development;*
- *detailed studio-level operational framework and best practices;*
- *intensive instructor and studio-level management training;*
- *our robust digital platform offerings that allow franchisees to generate incremental revenue;*
- *data-driven analytical tools to support marketing strategies, member acquisition and retention;*
- *sophisticated technology systems, including uniform point-of-sale and reporting systems, to drive studio-level performance;*
- *centralized model capable of providing resources to franchisees in the event of exceptional crises, such as the COVID-19 pandemic; and*
- *ongoing monitoring and support to promote success.*

The Xponential Playbook is designed to help franchisees achieve compelling AUVs, strong operating margins and an attractive return on their invested capital. Studios are generally designed to be between 1,000 and 2,500 square feet in size, depending on the brand. The smaller box format contributed to a relatively low average initial franchisee investment of approximately $350,000 in 2019 and 2020. By utilizing the Xponential Playbook, our model is generally designed to generate, on average, an AUV of $500,000 in year two of operations and studio-level operating margins ranging between 25% and 30%, resulting in an unlevered cash-on-cash return of approximately 40%.

We believe our integrated platform, which supports our nine brands, is a unique competitive advantage in the boutique fitness industry and enables us to accelerate growth and enhance operating margins. Our multi-brand offering results in higher franchisee lead flow and conversion, which lowers franchisee acquisition costs. Existing franchisees also serve as an embedded pipeline for continued expansion across our brands. As a result of our scale, we benefit from greater access to real estate and favorable vendor relationships. Additionally, we leverage shared corporate services across franchise sales, real estate, supply chain, merchandising, information technology, finance, accounting and legal. As an integrated platform, we utilize technology to provide improved functionality, drive efficiency and access compelling data across our brands. Our robust digital library, with content spanning all of our brands, is an important example of our ability to utilize our integrated platform to enhance our individual brand offerings and member retention. We also benefit from knowledge sharing and best practices across the portfolio. We believe that we are in the early stages of unlocking the power of our platform and driving long-term growth.

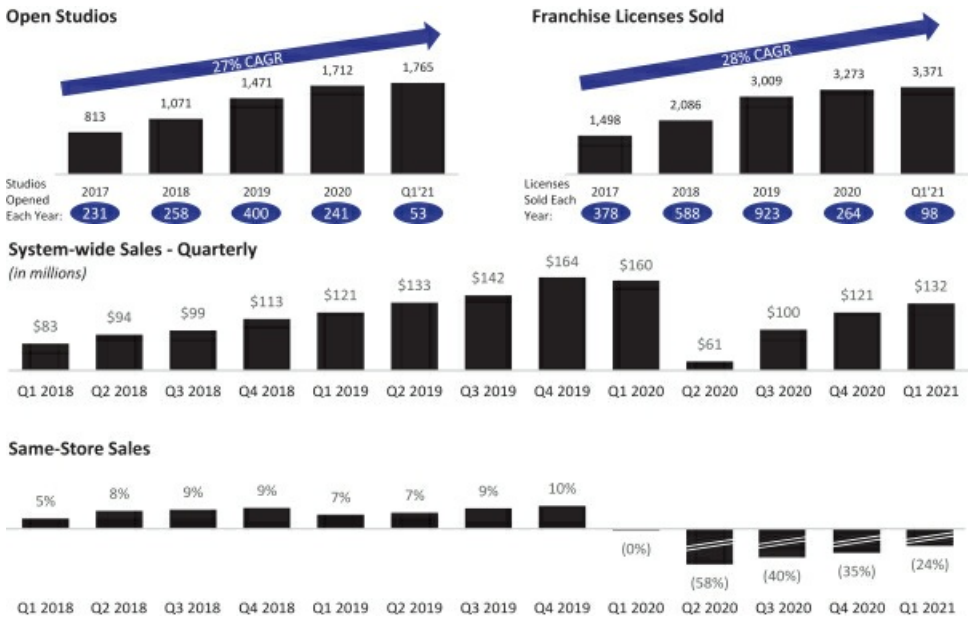
As a franchisor, we benefit from multiple highly predictable and recurring revenue streams that enable us to scale our franchised studio base in a capital efficient manner. As of March 31, 2021, franchisees were contractually committed to open an additional 1,391 studios in North America. Converting our current pipeline of licenses sold to open studios in North America would nearly double our existing franchised studio base. Based on our internal and third-party analyses by Buxton Company, we estimate that franchisees could have a total of over 6,200 studios (which does not include Rumble) in the United States alone. In addition, we had ten studios operating in four countries internationally and master franchisees were contractually obligated to sell licenses to franchisees to open an additional 693 studios in nine countries as of March 31, 2021.

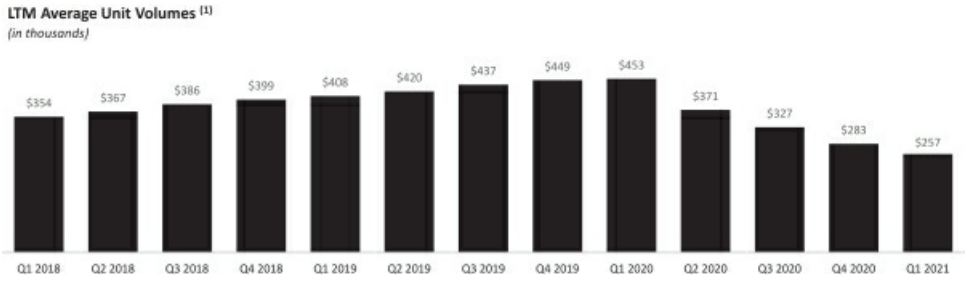
Highlights of our platform's recent financial results and growth include:

- increased the number of open studios in North America from 813 as of December 31, 2017 to 1,712 as of December 31, 2020, representing a compound annual growth rate ("CAGR") of 28% and increased the number of open studios in North America from 1,527 as of March 31, 2020 to 1,765 as of March 31, 2021;
- increased cumulative North American franchise licenses sold from 1,498 as of December 31, 2017 to 3,273 as of December 31, 2020, representing a CAGR of 30%, and increased North American franchise licenses sold to 3,371 as of March 31, 2021. As of March 31, 2021, franchisees were contractually obligated to open a further 1,391 studios in North America. In addition, as of March 31, 2021, we had ten studios open internationally and master franchisees were contractually obligated to sell licenses to franchisees to open an additional 693 studios in nine countries;
- generated system-wide sales of $560 million and $442 million in 2019 and 2020, respectively, and $160 million and $132 million for the three months ended March 31, 2020 and 2021, respectively;
- generated average quarterly same store sales growth of 7% over the nine quarters ended March 31, 2020 and experienced a decline of 14% over the nine quarters ended March 31, 2021;
- experienced a decline in same store sales of 34% for the year ended December 31, 2020, and 0% and 24% for the three months ended March 31, 2020 and 2021, respectively, which reflects the impacts of the COVID-19 pandemic on studios;
- generated AUV of $449 million and $283 million in 2019 and 2020, respectively, and $453 million and $257 million for the three months ended March 31, 2020 and 2021, respectively; and
- generated a net loss of $37 million and $14 million in 2019 and 2020, respectively, and $2 million and $5 million for the three months ended March 31, 2020 and 2021, respectively.

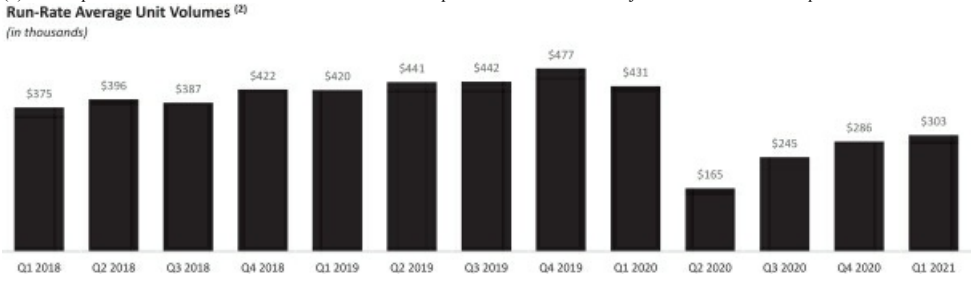
All metrics above are presented on an adjusted basis to reflect historical information of the brands we acquired and therefore includes time periods during which certain of the brands were operated by our predecessors. We acquired Club Pilates and CycleBar in September 2017, Stretch Lab in November 2017, Row House in December 2017, AKT in March 2018, Yoga Six in July 2018, Pure Barre in October 2018, Stride in December 2018 and Rumble in March 2021.

As a result of the COVID-19 pandemic, our results of operations and the businesses of our franchisees were adversely affected beginning in March 2020 continuing through the remainder of 2020. The adverse effects of the COVID-19 pandemic have gradually begun to decrease in 2021 and have materially decreased in the second quarter of 2021 as vaccination rates in the United States have increased substantially and restrictions on indoor fitness classes have greatly decreased or been eliminated in most states. We believe that consumers will return to boutique fitness at increasing levels in the second half of 2021 as recreational activity begins to return to more customary levels, and fitness activities begin to break from the solitary home fitness solutions that many consumers adopted during the COVID-19 pandemic.





(1) Represents LTM AUVs for North American studios open for 13+ months and adjusted for the Rumble acquisition.



(2) Represents run-rate AUVs for North American studios open for at least six months and adjusted for the Rumble acquisition. We calculate run-rate AUV as quarterly AUV multiplied by four, for studios that are at least six months old at the beginning of the respective quarter.

Note: The above data is presented for North America on an adjusted basis to reflect historical information of the brands we acquired and therefore includes time periods during which certain of the brands were operated by our predecessors. The franchise licenses sold chart reflects the cumulative number of licenses sold as of the period end. We acquired Club Pilates and CycleBar in September 2017, Stretch Lab in November 2017, Row House in December 2017, AKT in March 2018, Yoga Six in July 2018, Pure Barre in October 2018, and Stride in December 2018, and Rumble in March 2021.

Our Industry

We operate in the large and growing boutique fitness segment of the broader health and fitness club industry. According to the International Health, Racquet & Sportsclub Association ("IHRSA"), the estimated size of the global health and fitness club industry was $96.7 billion in 2019, with more than 205,000 clubs serving over 184 million members. Prior to the COVID-19 pandemic, the U.S. health and fitness club industry experienced annual growth for more than 21 consecutive years. Since 2004, the industry had grown at a 6% CAGR, from approximately $14.8 billion in 2004 to approximately $35.0 billion in 2019.

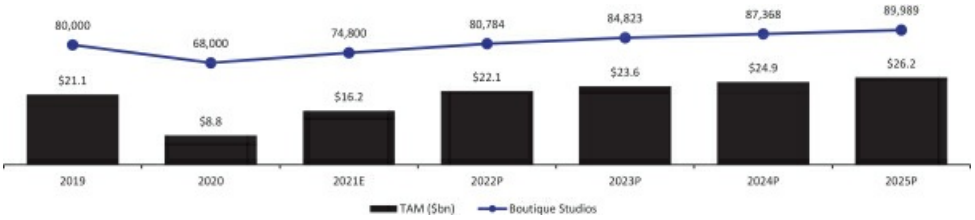
Impact of the COVID-19 pandemic and expected recovery.

The health and fitness industry contracted in 2020 as a result of state and local government mandated club and studio closures, as well as occupancy restrictions related to the COVID-19 pandemic. While these restrictions had an adverse effect on the industry in 2020, we expect that the industry will recover quickly as a result of growing consumer interest in health and wellness postpandemic. According to IHRSA, as of the end of October 2020, more than 85% of fitness club users admitted their exercise regimen has changed over the past several months, with 50% reporting dissatisfaction with the new routines, stating that it is "less consistent", "less challenging" and/or "simply worse." Ninety-four percent of consumers say they will return to the gym in some capacity, 95% of consumers reported they miss at least one aspect of physically being at their gym and 68% of consumers are prioritizing their health more now than prior to the COVID-19 pandemic. According to Kentley Insights projections published in January 2021, the U.S. health and fitness club industry revenue will recover to $34.1 billion in revenue in 2021, and grow at a 5% CAGR thereafter to $41.3 billion in revenue by 2025. We believe that we are well-positioned to address these shifts in consumer behavior due to our hybrid in-studio and digital platform strategy and that industry growth will be driven by the following tailwinds:

- *increased awareness of active lifestyles and the health benefits of exercise;*
- *increased fitness participation, particularly amongst Millennials and Generation Z (who accounted for approximately 50% of all health and fitness club membership in 2019); and*
- *increased levels of stress stemming from the COVID-19 pandemic and a desire to elevate mood through exercise and participation in a fitness community*

Boutique fitness expected to recover by 2022 and grow faster than the broader fitness club industry.

Boutique fitness is built around a social, supportive community of coaches, trainers and consumers helping each other achieve their fitness goals. A boutique fitness workout typically offers more customized programming and a more intensive experience complemented by increased levels of personal attention and guidance relative to a traditional health and fitness club. Between 2015 and 2019, boutique studio memberships increased 29%, outpacing memberships in the overall health and fitness club industry, which increased by 15%. An estimated 42% of health and fitness club consumers in the U.S. reported having a boutique fitness membership in 2018, up from 21% in 2013. We commissioned Frost & Sullivan to conduct an independent analysis to assess the total addressable market on the U.S. boutique fitness market. According to this analysis, the total market opportunity was $21.1 billion in 2019 and is expected to recover to $22.1 billion by 2022. The industry is expected to grow at a 24.5% CAGR, from $8.8 billion in 2020 to $26.2 billion by 2025.



Highly attractive boutique fitness consumer.

We believe boutique fitness consumers represent a highly attractive and loyal consumer group. While the industry appeals to a broad demographic, the Millennial consumer over-indexes to boutique fitness, and approximately 60% of boutique fitness consumers are between the ages of 25 and 44. On average, a boutique fitness studio member spent $90 per month, compared to $51 per month for the average health and fitness club consumer, in 2019. Not only do boutique fitness studio consumers spend more per month than any other category of fitness, they are also some of the most engaged consumers. 65% of boutique fitness consumers reported engagement with multiple boutique fitness facilities and 22% reported engagement with at least three boutique fitness facilities in 2018. On average, boutique fitness consumers used their facility 107 times in 2018, with 34% of consumers reporting usages of 150 times or more, which represented the highest percentage of any fitness industry segment.

Resiliency of the Xponential franchise system and opportunity to increase market share.

We believe the combination of our scaled multi-brand offering, loyal and engaged consumer base and strong franchisee relationships has enabled Xponential Fitness to successfully navigate the COVID-19 pandemic and will allow us to continue to take market share from our competitors. During 2020, we continued to sell licenses and open new studios. As of May 31, 2021, the membership levels of our franchisees recovered to approximately % of actively paying members relative to January 31, 2020 membership levels and membership visits were at % relative to January 31, 2020. As of May 31, 2021, run-rate AUVs recovered to approximately % of January 31, 2020 levels. Although the headwinds generated by the COVID-19 pandemic impacted the broader health and fitness club industry, some of our competitors were impacted to a greater degree, resulting in permanent studio closures and bankruptcies. IHRSA estimates that 19% of boutique fitness studios that shut down during the COVID-19 pandemic will remain permanently closed. As the largest franchisor in the boutique fitness industry with a demonstrated track record of resiliency, we believe that we are well-positioned to increase our market share as we move into the post-pandemic period.

Our Competitive Strengths

Diversified portfolio of leading boutique fitness brands.

Our portfolio of nine diversified brands spans a variety of popular fitness and wellness verticals including Pilates, barre, cycling, stretch, rowing, yoga, boxing, dance and running. We believe that our diversification represents a significant competitive advantage in a fragmented market comprised primarily of single-brand companies focused on an individual fitness or wellness vertical. The complementary nature of our brands allows our franchised studios to be located in close proximity to one another, providing variety and convenience to both consumers and franchisees. Our brands appeal to a broad range of consumers across ages, fitness levels and demographics and are positioned at an accessible price point. The strength of our brands is highlighted by the numerous accolades they have received, with six brands (Club Pilates, Pure Barre, CycleBar, Row House, Stretch Lab and Yoga Six) each being listed among Entrepreneur's 2021 Franchise 500 rankings. We believe that our

diversified brand offering expands our total addressable market and translates into increased use occasions for consumers, driving increased share of wallet and enhancing consumer lifetime value across our portfolio.

Market leading position with significant nationwide scale.

We are the largest boutique fitness franchisor in the United States with over 1,750 studios operating across nine brands. Our three largest brands have leading market share positions within their respective verticals. These brands, Club Pilates, Pure Barre and CycleBar, were approximately nine, four and two times larger than their next largest competitors, respectively, as of March 31, 2021. As the leaders in these verticals, and as one of few players of scale, we believe that we occupy an advantageous position in an otherwise highly fragmented boutique fitness market.

We are able to leverage the popularity and reputation of existing Xponential studios to support both new studio sales to franchisees and to support franchisees' ability to attract new customers to their studios. We believe that the continued expansion of the Xponential platform creates a network effect that reinforces our competitive position, making us increasingly attractive to potential franchisees and making studios increasingly popular with boutique fitness consumers. In conjunction with our scale, we have been able to achieve broad geographic diversification across the United States with studios in 48 states and the District of Columbia as of March 31, 2021. Our geographic reach represents a material competitive advantage, as we have demonstrated success across various markets and we are able to remain competitive nationally when extraordinary events heavily impact specific markets. According to Buxton Company, over 60% of the U.S. population (excluding Alaska and Hawaii) lives within 10 miles of an Xponential studio location. With 2020 system-wide sales of $442 million, we have penetrated only 5% of the U.S. boutique fitness industry, and we believe that we are well-positioned to continue our growth.

Passionate, growing and loyal consumer base.

Our franchised studios provide differentiated and accessible boutique fitness experiences that are fun, energetic and deliver a strong sense of community, engendering loyalty and engagement with consumers. Across our brands system-wide, consumers completed nearly 20 million in-studio, live stream and virtual workouts in 2020. The loyalty of our consumer base is evidenced by our franchisees' ability to recover to % of actively paying members as of May 31, 2021 compared to January 31, 2020 levels and membership visits were at % relative to January 31, 2020 levels. As of May 31, 2021, run-rate AUVs recovered to approximately % of January 31, 2020 levels. We believe that we were able to deepen our consumer loyalty during the COVID-19 pandemic through our robust digital platform offering, as well as the personal efforts of exceptional franchisees to strengthen their studio communities. Our digital platform had a total of subscribers and offered digital workouts in our library with over unique class types as of May 31, 2021. Almost % of class bookings were done through the XPO app in the 90 days ending May 31, 2021. Our brands serve a broad demographic; our consumer skews female and is typically between the ages of 20 and 60 years old, holds at least a bachelor's degree and reports household income greater than $75,000 per year. In addition, we continually seek ways to further heighten the Xponential consumer experience. As of May 31, 2021, studios had over members, of which approximately were actively paying members on recurring membership packages. For example, we launched a partnership with Apple in March 2021 that features Apple Watch integration across all of our popular fitness and wellness verticals and is designed to increase consumer engagement and retention across our franchised studios. Our franchised studios foster consumer engagement, personal accountability to achieve fitness goals and a strong sense of community, which drive repeat visits and maximize consumer lifetime value.

Xponential Playbook supports system-wide operational excellence.

We strategically partner with franchisees who have been vetted by a thorough selection process. Through the Xponential Playbook, we provide franchisees with significant support from the outset, focused on delivering a superior experience and maximizing studio-level productivity and profitability. Franchisees also benefit from the significant investments we have made in our corporate platform, through which we leverage integrated systems and shared services. While marketing and fitness programming are specific to each brand, nearly all other franchisee support functions are integrated across brands at the corporate level, and franchisees are guided through the key pillars of successful studio operations

We believe the relationships we maintain with franchisees drive tangible results for consumers: well-managed boutique fitness studios; access to technology capabilities; retention of highly qualified instructors; and a consistent, community-based experience across brands and geographies. We believe the extensive level of support we provide to franchisees is a key driver of system-wide operational excellence.

Asset-light franchise model and predictable revenue streams.

We believe our asset-light franchise model drives faster system-wide unit growth, compared to a similarly capitalized corporate-owned model. As a franchisor, we have multiple highly predictable revenue streams and low ongoing capital requirements. Upon the granting of access to a license, we receive a one-time, non-refundable upfront payment from franchisees for the right to open a studio in a specific territory. This is followed by a series of contractual payments once a studio is open, many of which are recurring, including royalty fees, technology fees, merchandise sales, marketing fees and instructor and management training revenues. Approximately 67% of our revenue in 2019 and 73% of our revenue in 2020 was considered recurring, and we believe this percentage will increase as franchise royalty fees are expected to account for a greater percentage of our revenue over time.

Highly attractive and predictable studio-level economics.

The Xponential Playbook is designed to help franchisees achieve compelling AUVs, strong operating margins and an attractive return on their invested capital. Studios are generally designed to be between 1,000 and 2,500 square feet in size, depending on the brand, which contributed to a relatively low average initial franchisee investment of approximately $350,000 in 2019 and 2020. Our model is generally designed to generate, on average under normal conditions, an AUV of $500,000 in year two of operations and studio-level operating margins ranging between 25% and 30%, resulting in an unlevered cash-on-cash return of approximately 40%. A studio reaches “base maturity” when it has annualized monthly revenues in the $400,000 to $600,000 AUV range. Using our model, we expect this to typically occur 6-12 months after studio opening. We believe that studios typically have opportunity to continue growing and maturing beyond that point, however.

We believe the continued growth of the franchisee system reflects the attractiveness of our unit economic model. In 2019, 375 new franchisees joined our system, representing a 76% increase year-over-year. In 2020, we were able to attract 131 new franchisees in North America despite the material challenges faced by the overall fitness industry. Additionally, franchisees frequently re-invest into our system, as 39% of new studios in 2019 and 36% of new studios in 2020 were opened by existing franchisees. We believe our strong studio-level economics have contributed to our growth.

Large and expanding franchisee base with visible organic growth.

Our large number of existing licenses sold represents an embedded pipeline to support the continued growth of our business. As of December 31, 2020, on a cumulative basis since inception, we had 3,273 franchise licenses sold in North America, compared to 2,086 franchise licenses sold as of December 31, 2018 on an adjusted basis to reflect historical information of the brands we have acquired. As of March 31, 2021, we had licenses for 1,391 studios in North America contractually obligated to be opened under existing franchise agreements. The franchisee network in North America has grown rapidly from 984 franchisees as of December 31, 2018 to 1,420 franchisees as of December 31, 2020, representing a CAGR of 20%. As of March 31, 2021, we had 1,442 franchisees in North America. Franchisees in North America are contractually obligated to open studios in their territories after purchasing a franchise license. In the event that franchisees are unable to meet their contractual obligations, we have the ability to resell or reassign their territory license(s) to another franchisee in the system or our franchisee pipeline. Based on our experience as a franchisor, we believe that a significant majority of our licenses sold will convert into operating studios. Accordingly, we have the potential to substantially increase our North American studio base through our existing licenses sold, providing us with highly visible unit growth and further increasing our already significant scale within the boutique fitness industry.

Proven and experienced management team with an entrepreneurial culture.

Our strategic vision and entrepreneurial culture are driven by our highly experienced management team, led by our Chief Executive Officer and founder, Anthony Geisler. Mr. Geisler has direct experience scaling franchised fitness brands, having previously served as the Chief Executive Officer of LA Boxing, and has worked with many members of our leadership team for several years. Our Brand Presidents are key members of our leadership team and act as the driving force behind their respective brands. Collectively, our management team fosters an entrepreneurial culture and mentality that resonate with franchisees. The strength of our management team is illustrated by the growth of the business and the recent honors that we and our brands have received, six brands (Club Pilates, Pure Barre, CycleBar, Row House, Stretch Lab and Yoga Six) each being listed among Entrepreneur's 2021 Franchise 500 rankings. Our leadership team has significant experience scaling franchised fitness brands and has created a culture designed to enable our future success.

Our Growth Strategies

We believe we are well-positioned to capitalize on multiple opportunities to drive the long-term growth of our business:

Grow our franchised studio base across all brands in North America.

We have the opportunity to meaningfully expand our franchised studio footprint in North America by leveraging our multiple brands and verticals, as well as our proven portability across regions and demographics.

We have grown our franchised studio footprint in North America from 813 open studios across 47 U.S. states, the District of Columbia and Canada as of December 31, 2017 to 1,712 open studios across 48 U.S. states, the District of Columbia and Canada as of December 31, 2020, on an adjusted basis to reflect historical information of the brands we have acquired, representing a CAGR of 28%. As of March 31, 2021, franchisees had 1,765 open studios in North America on an adjusted basis to reflect historical information of the brands we have acquired. Our track-record of successful expansion demonstrates that the experience and value offered by our brands resonate with consumers across geographies, including urban and suburban markets, ages and income levels. Our small box format and multi-brand model have enabled us to scale rapidly, as franchisees have the ability to open studios from multiple brands adjacent or in close proximity to each other, creating cross-selling opportunities and providing consumers with greater optionality. As we scale, we expect to attract multi-studio franchisees to help us accelerate our pace of growth. Based on our internal and third-party analyses by Buxton Company, franchisees could have a total of over 6,200 studios (which does not include Rumble) in the United States alone. This estimate represents the number of potential studio locations in the United States that exists in 2021 based on the criteria we consider for franchise license locations, such as customer profiles, trade area analyses and brand performance. Franchisees provide the capital to open each studio location and we provide ongoing support.

Drive system-wide same store sales and grow AUV.

We believe we can help franchisees grow same store sales and AUVs by acquiring new consumers, increasing membership penetration, driving increased spend from consumers and expanding ancillary revenue streams through our franchised studios.

- *Acquiring new consumers:* We expect to grow our consumer reach through a variety of targeted marketing campaigns at both the brand and franchisee levels in order to increase brand awareness and drive studio traffic.

- *Increasing membership penetration:* We expect franchisees to convert new and occasional consumers into committed, long-term members by delivering consistent, effective workout experiences across our franchised studios. We intend to continue to utilize insights from our consumer management dashboard to refine our sales strategy and offer a variety of flexible membership options to attract consumers at different engagement levels and price points, including our existing four, eight and unlimited classes per month recurring membership options.

- *Driving increased spend from consumers:* We expect to increase spend from consumers by utilizing dynamic pricing tiers across markets and brands, up-tiering memberships, cross-selling memberships across our brands, driving further digital penetration and enhancing our membership engagement. We work closely with franchisees to optimize membership offerings based on local consumer demand, demographics and other market factors in order to maximize our share of wallet.

- *Utilize XPASS to enhance consumer experience and engagement while more effectively cross-selling across our brands:* We are in the process of developing and implementing XPASS, a membership option that will offer our consumers access to all brands across the Xponential portfolio under a single monthly membership. XPASS is currently undergoing a trial period in three markets, allowing us to receive real-time feedback from consumers about their experience with the digital application. We believe that XPASS will enable us to attract and retain consumers that are seeking greater variety in their boutique workouts and that we will be able to leverage XPASS to introduce consumers to new brands and verticals within our platform.

- *Attract and retain consumers through our digital platform:* We believe there is an opportunity to further capitalize on growing consumer demand for digital and at-home fitness solutions by enhancing system-wide capabilities that complement our in-studio offerings. Our digital platform consists of a library of branded content that we make available to our consumers across our online and mobile platforms for a monthly fee. In addition to increasing engagement and retention with our existing in-studio members, our digital platform programs enable us and franchisees to reach new consumers and generate incremental revenues without increasing overhead costs. This enables our brands to deliver high-quality fitness content and maintain strong levels of member engagement, even when studios are closed.

- *Expanding additional revenue streams within our franchised studios:*We believe we have the opportunity to increase consumer spending at our franchised studios by expanding our offering of branded and third-party retail products across apparel and other health and wellness categories. During government-mandated studio closures due to the COVID-19 pandemic, franchisees were able to generate revenue in part through retail sales, including the sale of at-home fitness equipment such as exercise balls and weights. We expect that franchisees will be able to continue to leverage this revenue stream in the future as some consumers may continue to make at-home fitness a complementary component of their health and wellness regimens.

Expand operating margins.

We have built our franchised boutique fitness platform across verticals through a series of acquisitions, investments in our brands, corporate infrastructure and leadership team. We expect to realize improved operating leverage and increase operating margins over time as we continue to expand our franchised studio base and leverage our shared services and platform. Our business model provides us with highly predictable and recurring revenue streams, attractive margins and minimal capital requirements, resulting in the ability to invest in future growth initiatives.

Grow our brands and studio footprint internationally.

We believe there is significant opportunity for further international growth in the $97 billion global health and fitness club industry, underscored by our track-record of successful expansion across a diverse array of North American markets and our recent expansion into multiple international markets.

We are focused on expanding into territories with attractive demographics, including household income, level of education and fitness participation. We have developed strong relationships and executed master franchise agreements with master franchisees to propel our international growth. These master franchise

agreements obligate master franchisees to arrange the sale of licenses to franchisees in one or more countries outside North America. As of March 31, 2021, we had ten studios open internationally across Saudi Arabia, Japan, Australia and South Korea, and master franchisees were contractually obligated to sell licenses to franchisees to open an additional 693 studios in nine countries, of which 60 must be sold by the end of 2021.

Our Brands

We have curated a portfolio of nine brands that span a variety of popular fitness and wellness verticals, including Pilates, barre, cycling, stretch, rowing, yoga, boxing, dance and running. Collectively, our brands offer consumers specialized and personalized workout experiences that appeal to a broad range of ages, fitness levels and demographics. Under our suggested operating model, consumers may purchase recurring monthly memberships, single classes or private one-on-one training services for each brand. We have created a robust digital library containing nearly recorded workouts that can be easily accessed at-home or on-the-go. All of our brands offer workouts that can be completed both indoors and outdoors. We have also developed the XPASS, which allows consumers to participate in all of our diversified workout options while enjoying a consistent, high-quality studio experience across brands under a single monthly membership.

Franchisees have the opportunity to purchase merchandise for sale in studios and online. To ensure consistency across the studio base, we require franchisees to order merchandise directly from us or approved vendors. Examples of merchandise include at-home fitness equipment such as light weights, exercise mats, balls and exercise bands, fitness apparel, such as leggings and t-shirts, and accessories, such as water bottles and towels. Merchandise is offered from popular athletic retailers, as well as fitness apparel and accessories featuring our brands' logos and slogans.

Club Pilates

Club Pilates, founded in 2007, is the largest Pilates brand by number of studios and was approximately nine times larger than its next largest competitor as of March 31, 2021. The programming tracks Joseph Pilates' original Reformer-based Contrology method and is modernized with group practice and sophisticated equipment. Club Pilates, our first acquisition in 2017, is fueled by the vision of making Pilates more accessible, approachable and welcoming to everyone. Our Club Pilates franchises offer consistent, high-quality Reformer-based Pilates workouts in an uplifting and supportive atmosphere. As of March 31, 2021, there were 629 operational studios across North America, as well as two studios in Japan, one studio in South Korea and one studio in Saudi Arabia. As of March 31, 2021, 938 licenses had been sold globally.

There are nine signature Club Pilates class formats, including introductory, cardio, strength training, stretching and suspension options, among others. Club Pilates offers an extensive training certification. Its 500-hour teacher training program includes instruction on Pilates, barre, Triggerpoint and TRX Suspension Trainers. Our training provides opportunities for technical advancement and increased earnings potential for instructors, which we believe enables the brand to attract and retain high quality instructors.

Under our suggested operating model, customers may purchase recurring monthly memberships for four, eight or unlimited monthly classes. There is also the option to purchase single walk-in classes, as well as one-on-one classes. Depending on the studio location, our suggested price point for a single class ranges from $25 to $45, and an unlimited monthly membership ranges from $169 to $359. The typical studio is approximately 1,500 square feet and is designed to allow up to 12 people to work out together. Some studios also offer private one-on-one classes.

Pure Barre

Pure Barre, founded in 2001 and acquired in 2018, is the largest barre brand by number of studios and was approximately four times larger than its next largest competitor as of March 31, 2021. Pure Barre offers a range of effective, low-impact, full-body workouts for a broad range of ages and fitness levels designed to improve strength,

muscle tone, agility, flexibility and balance. Pure Barre has cultivated a large and passionate consumer base through the combination of effective programing, an energetic in-studio experience and a supportive and community-oriented culture. As of March 31, 2021, there were 588 operational studios across North America, as well as one studio in Saudi Arabia. As of March 31, 2021, 705 licenses had been sold globally.

There are four signature Pure Barre class formats: introductory, classic barre, interval training and resistance training. Pure Barre offers a specialized multi-tiered teacher training program, which includes both classroom and on-the-job training. Our training provides opportunities for technical advancement and increased earnings potential, which we believe enables the brand to attract and retain high quality instructors. The choreography for each class format is refreshed on a quarterly basis. Under our suggested operating model, customers may purchase recurring monthly memberships for four, eight or unlimited monthly classes. There is also the option to purchase single walk-in classes. Depending on the studio location, our suggested price point for a single class ranges from $20 to $35, and unlimited monthly membership prices range from $139 to $259. The typical studio is approximately 1,500 square feet and is designed to allow up to 26 people to work out together.

CycleBar

CycleBar, founded in 2004 and acquired in 2017, is the largest indoor cycling brand by number of studios and was approximately twice the size of its next largest competitor as of March 31, 2021. It provides a variety of low-impact, high-intensity indoor cycling workouts that are inclusive for a broad range of ages and fitness levels. CycleBar offers an immersive, multi-sensory experience in state-of-the-art “CycleTheaters,” led by specially trained instructors, enhanced with high-energy “CycleBeats” playlists and tracked using rider-specific “CycleStat” performance metrics. As of March 31, 2021, there were 223 operational studios across North America, as well as one studio in Australia and two studios in Saudi Arabia. As of March 31, 2021, 434 licenses had been sold globally.

There are four signature CycleBar class formats, including metrics-focused classes and “unplugged” classes in which metrics are not tracked. CycleBar offers a specialized training program, which includes both classroom and on-the-job training. Our training provides opportunities for technical advancement and increased earnings potential for instructors, which we believe enables the brand to attract and retain high quality instructors. Under our suggested operating model, customers may purchase monthly memberships for four, eight or unlimited monthly classes. There is also the option to purchase single walk-in classes. Depending on the studio location, our suggested price point for a single class ranges from $20 to $35, and unlimited monthly memberships range from $149 to $209. The typical studio is approximately 2,000 square feet and is designed to allow up to 50 people to work out together.

Stretch Lab

Stretch Lab, founded in 2015 and acquired in 2017, is a leading assisted stretching brand. Stretch Lab was created to help people improve their health and wellness through customized flexibility services. It appeals to customers across a broad range of ages and fitness levels and is highly complementary to our broader brand portfolio. As of March 31, 2021, there were 109 operational studios across North America. As of March 31, 2021, 325 licenses had been sold globally.

Stretch Lab offers one-on-one and group assisted stretching sessions. Most of Stretch Lab’s customers purchase one-on-one sessions. Stretch Lab offers an extensive training program for “Flexologist” instructors. The teacher training program includes both classroom and on-the-job training. Our training provides opportunities for technical advancement and increased earnings potential for instructors, which we believe enables the brand to attract and retain high quality instructors. Under our suggested operating model, customers may purchase monthly memberships for four, eight and unlimited group sessions per month. There is also the option to purchase single group sessions. Depending on the studio location, our suggested price point for a single group session ranges from $25 to $35, and unlimited monthly group sessions range from $129 to $149. One-on-one assisted stretching sessions can be purchased in recurring packages of four or eight classes per month, as well as

in single one-on-one sessions. Depending on the studio location, our suggested price point for a singleone-on-one session ranges from $45 to $105 and eight one-on-one sessions per month ranges from $249 to $599. Our studio is designed to be between 1,000 and 1,500 square feet and is equipped with approximately ten stretch benches.

Row House

Row House, founded in 2014 and acquired in 2017, was the largest indoor rowing brand by number of studios as of December 31, 2020. Row House's class offerings incorporate personalized performance metrics, resistance training, rowing and stretching exercises to build aerobic endurance and muscular strength. The low-impact nature of rowing workouts makes Row House accessible to a broad range of consumers. Row House's programming fosters a group fitness environment that encourages comradery and a strong sense of community, with all participants rowing in-sync. As of March 31, 2021, there were 87 operational studios across North America. As of March 31, 2021, 308 licenses had been sold globally.

There are six signature Row House class formats: introductory, interval-based, strength training, stretching and two endurance-based. Row House offers a specialized training program for Authorized Rowing Coaches, known as "RH University," which includes both classroom and on-the-job training. Our training provides opportunities for technical advancement and increased earnings potential for instructors, which we believe enables the brand to attract and retain high quality instructors. Under our suggested operating model, customers may purchase monthly memberships for four, eight or unlimited monthly classes. There is also the option to purchase single classes. Depending on the studio location, our suggested price point for a single walk-in class ranges from $20 to $38, and unlimited monthly memberships range from $119 to $249. The typical studio is approximately 2,000 square feet and designed to allow up to 25 people to work out together.

Yoga Six

Yoga Six, founded in 2011 and acquired in 2018, was the largest franchised yoga brand by number of studios as of March 31, 2021. Classes at Yoga Six eliminate the intimidation factor that many people feel when trying yoga for the first time, offering a fresh perspective on one of the world's oldest fitness practices. With modern-day yoga instruction, our diverse yoga and fitness programming includes movement and intensity to help customers achieve their fitness goals. As of March 31, 2021, there were 92 operational studios across North America, as well as one studio in Saudi Arabia. As of March 31, 2021, 500 licenses had been sold globally.

There are six signature Yoga Six class formats: introductory, slow flow, stretching, hot yoga, cardio and strength training. Yoga Six offers an extensive accredited teacher training program for Registered Yoga Trainers. The 200-hour program includes both classroom and on-the-job training. Our training provides opportunities for technical advancement and increased earnings potential for instructors, which we believe enables the brand to attract and retain high quality instructors. Under our suggested operating model, customers may purchase recurring monthly memberships in packages of four, eight or unlimited monthly classes. There is also the option to purchase single classes. Depending on studio location, our suggested price point for a single class ranges from $22 to $40, and unlimited monthly membership prices range from $116 to $196. The typical studio is approximately 2,000 square feet and is designed to allow up to 40 people to work out together.

Rumble

Rumble, founded in 2016 and acquired in 2021, is a boxing-based brand offering a high energy cardio workout split between boxing drills and resistance training. The Rumble experience is built around the motto that "how you fight is how you live," pushing consumers to develop their courage, determination, focus and stamina. Rumble studios promote inclusive and positive community vibes, welcoming consumers of all fitness levels to Rumble together. The experience is a 45-minute, 10-round, full-body cardio and strength workout crafted around specially designed water-filled, teardrop-style boxing bags. In 2021, Rumble launched Rumble TV, a live and on-

demand workout platform, to bring the Rumble experience home with an extensive collection of boxing, HIIT, strength and running workouts. As of March 31, 2021, there were 13 operational studios in North America. As of March 31, 2021, 14 licenses had been sold globally.

There are two studio formats, signature and boutique, which are balanced between the skills and drills of boxing and the transformative power of resistance training. Under our suggested operating model for the signature format, customers may purchase class packages ranging from 1 to 30 classes or monthly memberships for 12, 16 and 20 classes. There is also the option to purchase single walk-in classes. Our suggested price point for a single class ranges from $30 to $36, class package prices range from $24 to $36 per class, and monthly membership prices range from $276 to $510. Under our suggested operating model for the boutique format, customers may purchase monthly memberships for four, eight or unlimited monthly classes. There is also the option to purchase single classes. Depending on the studio location, our suggested price point for a single walk-in class ranges from $20 to $38, and unlimited monthly memberships range from $119 to $249. The studios following the signature format are designed to be around 3,500 to 4,500 square feet to allow about 60 people to work out together, while studios following the boutique format are designed to be around 2,000 square feet to allow about 48 people to work out together.

AKT

AKT, founded in 2013 and acquired in 2018, is a full-body workout that combines cardio dance intervals with strength and toning that are effective and accessible for all fitness levels. Designed by celebrity-trainer Anna Kaiser, AKT is fueled by positivity and a belief that movement has a powerful, lasting impact. With a high-energy atmosphere and lively music, workouts are designed to push customers to sweat, dance and burn calories. As of March 31, 2021, there were 19 operational studios across North America, as well as one studio in Saudi Arabia. As of March 31, 2021, 104 licenses had been sold globally.

There are four signature AKT class formats: dance-based, cardio and strength circuits, strength training intervals and toning. AKT offers a specialized training program for Authorized AKT Instructors, which includes both classroom and on-the-job training. Our training provides opportunities for technical advancement and increased earnings potential for instructors, which we believe enables the brand to attract and retain high quality instructors. Under our suggested operating model, customers may purchase recurring monthly memberships for four, eight and unlimited monthly classes. There is also the option to purchase single classes. Depending on the studio location, our suggested price point for a single class ranges from $21 to $37, and unlimited monthly memberships range from $159 to $360. The typical studio is approximately 2,000 square feet and is designed to allow approximately 25 people to work out together.

Stride

Stride, founded in 2017 and acquired in 2018, is a treadmill-based cardio and strength workout established to demonstrate to consumers across a broad range of ages and fitness levels that they can enjoy running. Stride offers engaging programming led by dynamic authorized trainers, with state-of-the-art equipment and energizing music. As of March 31, 2021, there were five operational studios in North America. As of March 31, 2021, 73 licenses had been sold globally.

The supportive and inclusive environment at Stride fosters a strong sense of community that continues outside of the studio. Stride customers participate in running groups alongside Stride instructors for organized road races and other athletic events. These events deepen customers' connection and loyalty to the Stride brand.

There are three signature Stride class formats: interval, endurance-based and strength training. Under our suggested operating model, customers may purchase monthly memberships for four, eight and unlimited monthly classes. There is also the option to purchase single walk-in classes. Our suggested price point for a single class ranges from $20 to $35, and unlimited monthly membership prices range from $159 to $249. The typical studio is designed to be at least 2,000 square feet and is designed to allow 25 people to work out together.

Our Franchise Model

Franchising Strategy

We rely on our franchising strategy to grow our brands' global footprint in a capital efficient manner. Our franchise model leverages the local market expertise of highly motivated owners, our proven Xponential Playbook and our corporate platform. The model has enabled us to scale our system-wide studio footprint at a CAGR of 28% from 2017 to 2020.

As of March 31, 2021, we had sold a total of 3,371 franchise licenses on a cumulative basis since inception in North America, with approximately 20% of licenses owned by single-unit franchisees and approximately 80% of licenses owned by multi-unit franchisees. As of March 31, 2021, 55% of franchisees owned more than one studio and about 95% of franchisees owned a single brand of studios. The largest franchisee in North America owned 29 licenses, representing approximately 0.89% of our total franchise licenses sold in North America as of December 31, 2020.

When considering potential franchisees, we evaluate their prior experience in relationship-oriented businesses, level ofhands-on involvement in their communities, financial history and available capital and financing.

Franchisee Selection Process

We created a disciplined and highly effective franchisee development program for our portfolio of brands and franchisees. The franchisee network in North America has grown rapidly from 984 franchisees as of December 31, 2018 to 1,420 franchisees as of December 31, 2020, representing a CAGR of 20%. As of March 31, 2021, the franchisee network in North America had grown to 1,442 franchisees.

When evaluating new potential franchisees in North America, we typically look for the following characteristics:

- *financially qualified individuals*;
- *relationship-oriented business background*;
- *motivated leaders who are driven by success*;
- *passion to help people meet their health and fitness goals; and*
- *willingness to implement our model and strategies.*

The potential franchisees must also meet the following eligibility criteria:

- *minimum liquidity of $100,000*;
- *minimum net worth of $350,000 (Club Pilates and Stretch Lab) or $500,000 (Pure Barre, CycleBar, Row House, Yoga Six, AKT and Stride); and*
- *financial means to invest between $175,000 to $500,000 to build out their studio, depending on the brand.*

We divide the franchisee selection process into five distinct stages:

- *Inquiry stage:* Potential new franchisees complete and submit a confidential questionnaire form to our franchise development team for consideration.

- *Preliminary screening stage*: Our franchise development team conducts a call with potential franchisees to determine their level of financial, cultural and geographical fit.

- *Introduction stage:* If preliminarily approved, potential franchisees schedule a call with our brand managers to discuss next steps and take part in a number of foundation calls to learn more about the brand.

- *Approval stage:* Following validation calls and potential franchisees' personal due diligence, potential franchisees are invited to a discovery day at our headquarters in Irvine, California to meet with the corporate team as a final step in the approval process.

- *Contract sold stage*: Following the completion of the above steps and once internally approved, potential franchisees sign a franchise agreement.

Franchise Agreements

For each of our brands' franchised studios, we enter into a franchise agreement covering standard terms and conditions. Under our franchise agreement, we grant franchisees the right to access our brands in an exclusive area or territory after taking into account population density and demographics based on our internal and third-party analyses. The proposed location must be approved by us, and each franchisee is responsible for the selection, acquisition and development of the site from which to build the studio. Our franchise agreement requires that the franchisee operates within its designated market areas.

Our franchise agreements have an initial ten-year term. We can terminate the franchise agreement if a franchisee is in default thereunder, has failed to meet our minimum monthly gross revenue quotas or has failed to select a site for the studio that meets our approval within an indicated time period. From inception to March 31, 2021, of our licenses sold, 215 had been terminated in North America and two had been terminated internationally. We expect franchisees to meet and maintain minimum monthly gross revenue quotas by the first and second anniversary of their studio opening. Failure to meet these quotas for 36 consecutive months at any time during the term of the franchise agreement can result in the institution of a mandatory corrective training program or termination of the franchise agreement. We require franchisees to open their studio for regular, continuous business within a specified timeline. Of the franchisees that opened their first studio in 2019, on average it took approximately 12.2 months from signing the franchise agreement to open. Of the franchisees that opened their first studio in 2020, on average it took approximately 14.6 months from signing the franchise agreement to open. The length of time increased during 2020 due to COVID-related opening restrictions. Within six months of the expiration of the initial ten-year term, franchisees have the opportunity to renew for one or two additional five-year terms, subject to the terms and conditions prevailing at the time of renewal.

Our franchise agreements require franchisees to comply with our standard operating methods that govern the provision of services, use of vendors and sale of merchandise. These provisions require that franchisees purchase equipment only from an approved list of vendors, and may generally provide products, classes and services only from us or an approved list of suppliers. We reserve the right to charge a penalty fee for each day that a franchisee offers or sells unauthorized products or services from the studio.

Our franchise agreements require franchisees to pay an initial, nonrefundable franchise fee per studio. Beginning on the day that a studio starts generating revenue from its business operations, franchisees are required to pay us a monthly royalty fee based on gross sales.

The Xponential Playbook

We believe the robust and ongoing support that we offer to franchisees is a key differentiator in our value proposition and has been a critical contributor to system-wide operational excellence. We have established

the Xponential Playbook, which helps franchisees generate compelling studio economics. The key pillars of our Xponential Playbook include:

- *optimizing the studio prototype and investment cost;*
- *thoroughly vetting franchisee candidates;*
- *real estate identification, site selection, studio build-out and design assistance;*
- *comprehensive pre-opening support, including membership sales, marketing support, employee training and programming development;*
- *detailed studio-level operational framework and best practices;*
- *intensive instructor and studio-level management training;*
- *access to our comprehensive digital platform offerings and a share of associated fees;*
- *data-driven analytical tools to support marketing strategies, member acquisition and retention;*
- *sophisticated technology systems, including uniform point-of-sale and reporting systems, to drive studio-level operations;*
- *centralized model capable of providing resources to franchisees in the event of exceptional crises, such as the COVID-19 pandemic; and*
- *ongoing monitoring and support to promote success.*

Attractive Franchisee Return Profile

The Xponential Playbook is designed to help franchisees achieve compelling AUVs, strong operating margins and an attractive return on their invested capital. Studios are generally designed to be between 1,000 and 2,500 square feet in size, depending on the brand, which contributed to a relatively low average initial franchisee investment of approximately $350,000 in 2019 and 2020, including all leasehold improvements and required studio furniture, fixtures and equipment. We believe that our scale and vendor relationships enable us to offer equipment and merchandise to franchisees at a significantly lower cost than if they were to acquire it on their own. By utilizing the Xponential Playbook, our model is generally designed to generate, on average, an AUV of $500,000 in year two of operations and studio-level operating margins ranging between 25% and 30%, resulting in an unlevered cash-on-cash return of approximately 40%.

New Studio Development

Our small-box format studios have the flexibility to be located in a variety of retail buildings and shopping centers, and we consider locations in both high- and low-density markets. We seek out locations with (i) our target customer demographics, (ii) high visibility and accessibility and (iii) favorable traffic counts and patterns. We use internal and third-party analytic tools to access demographic data that we use to analyze potential new and existing sites and markets for franchisees. We assess population density, current tenant mix, layout and potential competition, among other factors. As a result of boutique fitness consumers' affinity for trying multiple workout types, we have the ability to place our different brands within close proximity to each other. Our team follows a detailed approval process to review potential sites and seek to ensure that each site aligns with our strategic growth objectives and the Xponential Playbook.

We guide franchisees through the site selection,build-out and design processes during the development of their studios, ensuring that the studios conform to the physical specifications for their respective brands. Prior to opening, we offer franchisees a list of designated territories in which they may open a new studio. Each franchisee is responsible for selecting, acquiring and leasing a site, but they must obtain site approval from Xponential.

As of March 31, 2021, franchisees were contractually committed to open an additional 1,391 studios in North America under existing franchise agreements and master franchisees were contractually obligated to sell licenses to franchisees to open an additional 693 studios in nine other countries on an adjusted basis to reflect historical information of the brands we have acquired.

Franchise Development Team

We have a dedicated sales team to help promote and coordinate sales and resales of franchises at the corporate level. We have created a scalable and sustainable model through which we identify potential franchisees. In addition, we have a team dedicated to training and supporting franchisees in lead generation, sales conversion and customer retention support.

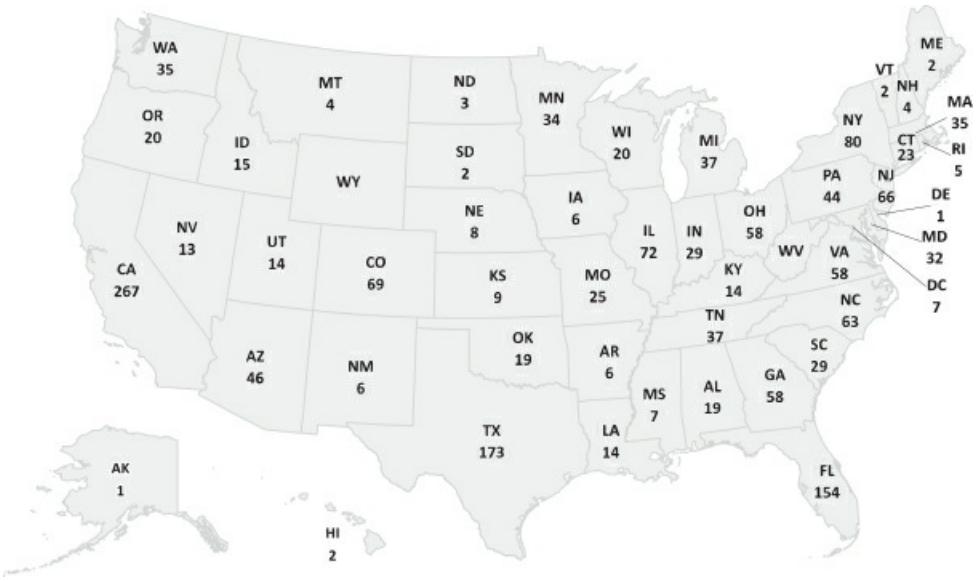
We also work with third-party brokers to generate sales leads for potential new franchisees.

Studios

As of December 31, 2020, franchisees operated 1,722 studios system-wide, across 48 U.S. states and the District of Columbia, as well as 17 studios in Canada, six studios in Saudi Arabia, two studios in Japan, one studio in Australia and one studio in South Korea on an adjusted basis to reflect historical information of the brands we have acquired. In 2020, franchisees opened 241 studios across North America as well as nine studios internationally on an adjusted basis to reflect historical information of the brands we have acquired. As of March 31, 2021, franchisees operated 1,775 studios system-wide globally, across 48 U.S. states and the District of Columbia, as well as 18 studios in Canada, six studios in Saudi Arabia, two studios in Japan, one studio in Australia and one studio in South Korea on an adjusted basis to reflect historical information of the brands we have acquired.

Operating company-owned studios is not a component of our business model. Following the significant disruption to the global fitness industry caused by the COVID-19 pandemic, however, we took ownership of a greater number of company-owned studios than we would expect to hold in the normal course of our business. As of December 31, 2019, we had 4 company-owned studios, representing 0.3% of the studio base. As of March 31, 2021, we had 49 company-owned studios, representing 2.8% of our studio base. We are in the process of reselling the licenses for these 49 studios to new or existing franchisees as operating company-owned studios is not a component of our business model. If we are unable to resell the licenses to these company-owned studios by December 31, 2021, we will likely close most or all such studios to the extent they are not profitable at that time.

The map below shows open studios by U.S. state as of March 31, 2021:



Note: The 49 company-owned studios are included in the count of total franchised studios. As we are in the process of refranchising these studios, we expect that they will be owned and operated by franchisees in the future.

Brand	Club Pilates	Pure Barre	CycleBar	Stretch Lab	Row House	Yoga Six	AKT	Stride	Rumble
Number of U.S. States	41	47	39	22	25	28	12	3	3

We continue to drive the international expansion of our studio base. We currently have in place master franchise agreements that grant master franchisees the right to sell licenses to potential franchisees in nine countries that we have targeted for near-term expansion. As of December 31, 2020, there were ten studios open internationally, and the master franchisees were contractually obligated to sell licenses to franchisees to open an additional 593 studios in nine countries on an adjusted basis to reflect historical information of the brands we have acquired, which together would nearly double our franchised studio base. As of March 31, 2021, franchisees were contractually committed to open an additional 1,391 studios in North America under existing franchise agreements and master franchisees were contractually obligated to sell licenses to franchisees to open an additional 693 studios in nine other countries on an adjusted basis to reflect historical information of the brands we have acquired.

Fitness Equipment

Our franchised studios contain state-of-the-art fitness equipment from an array of suppliers. We believe that the quality of the equipment enriches the customers' in-studio experience and thereby enhances their brand loyalty. To ensure consistency across the studio base, we require franchisees to order equipment and supplies directly from us or approved vendors. Franchisees are required to order replacement or upgraded equipment within five to ten years depending on the manufacturers' guidelines. Franchisees also must use our approved vendors for equipment maintenance, who provide warranties on certain equipment purchased from them. As the largest franchisor in the industry, we have significant scale that enables us to negotiate competitive pricing from our suppliers. As a result, we believe that we offer equipment at more attractive pricing than franchisees could otherwise procure on their own, lowering the build-out cost and improving unit economics.

Marketing

Marketing Strategy

Our marketing strategy is designed to highlight our leading brand portfolio, the compelling value proposition of our brands and the unique attributes and benefits of boutique fitness workouts. Each brand has a dedicated marketing team that is focused on building brand awareness, generating new customer leads and increasing studio traffic at the national and local level. We leverage our corporate platform and marketing expertise to develop tailored marketing strategies to capitalize on each of our brands' potential.

Marketing Spending

National advertising. We manage a marketing fund for franchisees, with the goal of building national awareness for our brands. We focus our marketing efforts on national advertising and media partnerships, developing and maintaining creative assets to support local sales throughout the year, and building and supporting the Xponential Fitness community via digital and social media for each of our eight brands. Our franchise agreements require franchisees to contribute 2% of their monthly gross sales to the marketing fund of their respective brand. Our marketing funds have enabled us to spend approximately $8.2 million and $7.1 million in 2019 and 2020 respectively, to increase national awareness of our brands. We believe this is a powerful marketing tool as it allows us to increase brand awareness in new and existing markets.

Local marketing. Our franchise agreements require franchisees to spend at least $1,500 per month on approved local marketing to support promotional sale periods throughout the year and continue to build the brand in local markets. All franchised studios are supported by our dedicated franchisee marketing team, which provides guidance, tracking, measurement and advice on best practices. Franchisees spend their marketing dollars in a variety of ways to promote business at their studios on a local level. These methods typically include media vehicles that are effective on a local level, including direct mail, outdoor (including billboards), social media and radio advertisements and local partnerships and sponsorships.

Social media. We have an engaged social media platform for each of our brands, which we believe further raises brand awareness and creates a community among our members. Each brand has a dedicated social media page run by us, and we also maintain a corporate social media page where we seek to engage personally with customers. In addition, franchisees operate social media accounts at the local level. We provide franchisees with social media consulting during the pre-opening phase in order to help them maximize their social impact. We believe that local social media pages are additive to the studio-level community and deepen our brands' connection with consumers.

Digital. We utilize digital advertising at the corporate level to drive awareness for our digital platform offerings. For example, in March 2021, we launched an Apple Watch integration designed to offer an enhanced member experience across our nine brands. The integration allows Xponential members and guests who utilize Apple Watch to view upcoming classes, check-in to a class and track real-time workout performance data. Each brand's app will integrate directly with Apple Watch. Members at participating studios also have the option to join our "Earn Your Watch" challenge, earning back the value of their Apple Watch when they purchase their device through an Xponential brand website and complete a set number of workouts per month. We believe that our partnership with Apple Watch will further drive excitement and enthusiasm across the Xponential consumer base, while also helping to increase membership engagement and retention.

Competition

Although we offer boutique fitness experiences, we believe we compete with both fitness andnon-fitness consumer discretionary spending alternatives for consumers' time and resources.

Franchisees compete with other health and fitness club industry participants, including:

- other national and regional boutique fitness offerings, some of which are franchised and others of which are owned centrally at a corporate level;
- other health and fitness centers, including gyms and other recreational facilities;
- individually owned and operated boutique fitness studios;
- personal trainers;
- racquet, tennis and other athletic clubs;
- at-home fitness offerings;
- online fitness services and health and wellness apps;
- participants in the home-use fitness equipment industry; and
- businesses offering similar services.

The health and fitness club industry is highly competitive and fragmented, and the number, size and strength of competitors vary by region. Some of our competitors may have greater name recognition nationally or locally or an established presence in local markets and some have corporate relationships that facilitate their acquisition of new consumers. These risks are more significant internationally, where we have a limited number of studios and brand recognition.

We also compete to sell franchises to potential franchisees who may choose to purchase franchises from other boutique fitness operators, but who may also consider purchasing franchises in other industries such as restaurants and personal care. We compete with other franchisors on the basis of the expected return on investment of franchisees and the value propositions that we offer for franchisees.

Our competition continues to increase as we expand into new markets and add studios in existing markets. See "Risk Factors—Risks Related to our Business and Industry—We operate in a highly competitive market and we may be unable to compete successfully against existing and future competitors."

Suppliers

We require franchisees to make most purchases related to the build out and operation of their studios from us or our approved vendors. This helps us ensure the timelines of build outs and the maintenance of consistent studio quality within each brand. We sell equipment purchased from third-party equipment manufacturers to franchised studios in North America. Franchisees outside North America must purchase equipment from third-party equipment manufacturers approved by us. We also have various approved suppliers of fitness accessories and apparel.

Vendors arrange for delivery of products and services either directly to our warehouse or to franchisee studios. We continuallyre-evaluate our supplier relationships to ensure we and franchisees obtain competitive pricing and high-quality equipment, merchandise and other items.

Employees

As of December 31, 2020, we had approximately 270 employees at our corporate headquarters, of which approximately 70 were part-time employees. We also had approximately 330 employees at our company-owned studios as of December 31, 2020, of which approximately 290 were part-time employees. Operating company-owned studios is not a component of our business model. We are in the process of reselling the licenses for these studios to new or existing franchisees, at which point the employees of these studios will no longer be employees of Xponential Fitness. None of our employees are represented by labor unions.

Xponential franchises are independently owned and operated businesses. As such, employees of franchisees are not employees of Xponential Fitness.

Information Technology and Systems

We recognize the value of enhancing and extending the uses of information technology ("IT") in virtually every area of our business. Our IT strategy is aligned to support our business strategy and operating plans. We maintain an ongoing program to monitor, replace or upgrade key IT services and infrastructure.

We recently transitioned the studios to a uniform third-party hosted studio management system for enrolling members and managing member database information including personally identifiable information and payment processing. In addition, this management system tracks and analyzes key operating metrics such as membership statistics, cancellations, cross-studio utilization, member tenure and demographics profiles.

We continue to create a more customizable and efficient experience for members through updated digital tools, including enhanced websites and mobile applications. These digital tools enable consumers to search studio locations, browse class schedules and sign up for classes. We continue to enhance the accessibility of our digital tools to increase our online presence and member engagement.

Through our third-party hosted studio management system, we provide franchisees access to an informational management system to receive informational notices, operational resources and updates, training materials and other franchisee communications.

Our back-office computer systems are comprised of a variety of technologies designed to assist the operation of our business. These include a third-party hosted accounting and financial system, a SaaS solutions system to manage franchisees' leases and franchisee agreements, a third-party hosted payroll system, an inventory and online store management system and a customer relationship management system.

Intellectual Property

We own approximately 64 registered trademarks and service marks in the United States and approximately 297 registered trademarks and service marks in other countries, including "Xponential," "Pure Barre," "Stretch Lab," "Row House," "Yoga Six," "Club Pilates," "CycleBar," "Rumble," "AKT" and "Stride." We believe the Xponential name and the marks associated with our nine brands are of value and are important to our business. Accordingly, as a general policy, we pursue registration of our marks in the United States and select international jurisdictions, monitor the use of our marks in the United States and internationally and oppose any unauthorized use of our marks.

We license the use of our marks to franchisees and third-party vendors through our franchise agreements and vendor agreements. These agreements restrict third parties' activities with respect to use of our marks. Our franchise agreements impose brand standards requirements and require franchisees to inform us of any potential infringement of our marks.

We register some of our copyrighted material and otherwise rely on common law protection of our copyrighted works. Such registered copyrighted materials are not material to our business.

We also license some intellectual property from third parties for use in our franchised studios. Such licenses, including our music licenses, are not material to our business. Franchisees also license certain intellectual property for use in their studios, including music in some cases.

Government Regulation

We and franchisees are subject to various federal, state, provincial and local laws and regulations affecting our business.

We are subject to a trade regulation rule on franchising, known as the FTC Franchise Rule, promulgated by the FTC, that regulates the offer and sale of franchises in the United States and requires us to provide to all prospective franchisees certain mandatory disclosure in a FDD. In addition, we are subject to state franchise sales laws in approximately 19 U.S. states that regulate the offer and sale of franchises by requiring us to make a business opportunity exemption or franchise filing or obtain franchise registration prior to making any offer or sale of a franchise in those states and to provide a FDD to prospective franchisees.

We are subject to franchise sales laws in six provinces in Canada that regulate the offer and sale of franchises by requiring us to provide a FDD in a prescribed format to prospective franchisees and that further regulate certain aspects of the franchise relationship. We are also subject to franchise relationship laws in at least 22 U.S. states that regulate many aspects of the franchise relationship, including renewals and terminations of franchise agreements, franchise transfers, the applicable law and venue in which franchise disputes must be resolved, discrimination and franchisees' right to associate, among others. In addition, we and franchisees may also be subject to laws in other foreign countries where we or they do business.

We and franchisees are also subject to the U.S. Fair Labor Standards Act of 1938, as amended, similar state laws in certain jurisdictions, and various other laws in the United States and Canada governing such matters as minimum-wage requirements, overtime and other working conditions. A significant number of our and franchisees' employees are paid at rates related to the U.S. federal or state minimum wage, and past increases in such minimum wages have increased labor costs, as would future increases.

Our and franchisees' operations and properties are subject to extensive U.S. and Canadian federal, state, provincial and local laws and regulations, including those relating to environmental, building and zoning requirements. Our and franchisees' development of properties depends to a significant extent on the selection and acquisition of suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations and requirements.

We and franchisees are responsible at the studios we operate for compliance with state laws that regulate the relationship between health clubs and their members. Nearly all states have consumer protection regulations that limit the collection of monthly membership dues prior to a studio opening, require certain disclosure of pricing information, mandate the maximum length of contracts and "cooling off" periods for members (after the purchase of a membership), set escrow and bond requirements, govern member rights in the event of a member relocation or disability, provide specific member rights when a health club closes or relocates, or preclude automatic membership renewals.

We and franchisees primarily accept payments for our memberships through electronic fund transfers from members' bank accounts and, therefore, are subject to both federal and state legislation and certification requirements, including the Electronic Funds Transfer Act. Some states, such as New York, Massachusetts and Tennessee, have passed or considered legislation requiring gyms and health clubs to offer a prepaid membership option at all times and/or limit the duration for which such memberships can auto-renew through electronic fund transfers, if at all. Our business relies heavily on the fact that our memberships continue on a month-to-month

basis after the completion of any initial term requirements, and compliance with these laws, regulations, and similar requirements may be onerous and expensive, and variances and inconsistencies from jurisdiction to jurisdiction may further increase the cost of compliance and doing business. States that have such health club statutes provide harsh penalties for violations, including membership contracts being void or voidable.

Additionally, the collection, maintenance, use, disclosure and disposal of individually identifiable data by us, or franchisees are regulated at the federal, state and provincial levels as well as by certain financial industry groups, such as the Payment Card Industry, Security Standards Council, the National Automated Clearing House Association and the Canadian Payments Association. Federal, state and financial industry groups may also consider from time to time new privacy and security requirements that may apply to us or franchisees and may impose further restrictions on our or their collection, disclosure and use of individually identifiable information that are housed in one or more of our or their databases.

Facilities

Our corporate headquarters are located in Irvine, California, where we lease approximately 35,000 square feet of office space pursuant to a lease agreement which expires in 2029. We lease approximately 6,800 square feet for our digital platform production studio from Von Karman Production LLC, which is owned by Mr. Geisler, our Chief Executive Officer and founder, under a lease that expires in 2024. We also lease two Club Pilates training locations, one in Atlanta, Georgia and one in Irvine, California. These leases expire in October 2021 and November 2021, respectively. In addition, we also lease approximately 14,900 square feet of warehouse space, which expires in 2025. We believe that our existing facilities are adequate to meet our business requirements for the near-term and that additional space will be available on commercially reasonable terms, if required.

We operated 49 company-owned studios as of March 31, 2021. Operating company-owned studios is not a component of our business model, and we are in the process of reselling the licenses for these studios to new or existing franchisees. If we are unable to resell the licenses to all of these company-owned studios by December 31, 2021, we will likely close most or all such studios to the extent they are not profitable at that time. All of the company-owned studios are located in leased properties with no lease term expiring within the next 12 months.

Legal Proceedings

From time to time, we may be subject to legal proceedings and claims in the ordinary course of business. Other than the matter noted below, we are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, cash flows and financial condition. We have received, and may in the future receive, claims from third parties. Future litigation may be necessary to defend ourselves and franchisees and other partners by determining the scope, enforceability and validity of third-party proprietary rights, or to establish our proprietary rights. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, and the diversion of management resources, among other factors.

MANAGEMENT

Executive Officers

The following table sets forth information regarding our executive officers as of March 31, 2021:

Name	Age	Position
Anthony Geisler	45	Chief Executive Officer
Ryan Junk	44	Chief Operating Officer
Sarah Luna	34	President
John Meloun	44	Chief Financial Officer
Megan Moen	37	Executive Vice President, Finance

Board of Directors

The following table sets forth information regarding our directors as of March 31, 2021, after giving effect to the Reorganization Transactions:

Name	Age	Position
Mark Grabowski	45	Chairman
Anthony Geisler	45	Chief Executive Officer, Director
Brenda Morris	55	Director
Marc Magliacano	47	Director

Executive Officers and Directors

Anthony Geisler is our founder and has served as our Chief Executive Officer and on our board of directors since 2017. In March 2015, Mr. Geisler purchased Club Pilates and served as Chief Executive Officer from 2015 to 2017, creating the platform on which he founded Xponential Fitness LLC. Club Pilates is now a subsidiary of Xponential Fitness LLC. Mr. Geisler holds a B.A. from University of Southern California. We believe Mr. Geisler is qualified to serve on our board of directors because he is a fitness industry veteran with more than 18 years of experience and an accomplished entrepreneur. Furthermore, Mr. Geisler has accumulated extensive perspective, operational insight and expertise as our founder and Chief Executive Officer.

Ryan Junk has served as our Chief Operating Officer since July 2020 and has served as the President for CycleBar since November 2017. From June 2017 to November 2017, Mr. Junk served as Divisional President for UFC Gym, a mixed martial arts fitness company, where he also served as Vice President of Sales from December 2009 to June 2015. From July 2015 to June 2016, Mr. Junk served as Executive Vice President for Capital Fitness Group LLC, a health and fitness club company. Mr. Junk co-founded R.L.J Consulting Group, LLC, a fitness consulting firm, in June 2016.

Sarah Luna has served as our President since January 2021 and served as President of Pure Barre from November 2018 to January 2021. From July 2015 to November 2018, Ms. Luna served in various roles, such as Senior Vice President of Operations and National Sales Director, at Club Pilates. From November 2014 to September 2016, Ms. Luna was a Franchise Business Owner at Jazzercise Inc. From January 2012 to July 2015, Ms. Luna was also the founder of Pilates by Sarah Luna. Prior to this position, Ms. Luna held various roles at companies such as Equinox and Jeunesse Global, which focus on health, wellness and fitness. Ms. Luna holds a B.F.A. in Performance Dance and Biological Sciences from University of California, Irvine and an M.B.A. from Chapman University, The George L. Argyros School of Business and Economics.

John Meloun has served as our Chief Financial Officer since 2018. From March 2015 to July 2018, Mr. Meloun served in executive roles at The Joint Corp, a national operator, manager and franchisor of chiropractic clinics, including as Chief Financial Officer from November 2016 to July 2018. From January 2010 to March 2015, Mr. Meloun served as a Senior Director of Financial Planning and Analysis at the University of Phoenix, where he provided guidance to the Chief Financial Officer and Vice President on financial changes. Mr. Meloun holds both a B.S. and an M.B.A. from Arizona State University.

Megan Moen has served as our Executive Vice President of Finance since 2017 and has served as the Vice President of Finance for Club Pilates since January 2016. From July 2013 to March 2016, Ms. Moen served as a Senior Director of Valuation and Financial Advisory Services at FTI Consulting, a top global management consulting firm, where she performed business and intangible asset valuations, financial and strategic analysis, forecasting and transaction support. Ms. Moen holds a B.A. from University of California, Los Angeles and an M.B.A. from New York University.

Non-Employee Directors

Mark Grabowski has served as the Chairman of our board of directors since May 2017. Mr. Grabowski is a Managing Partner at Snapdragon Capital Partners, which he founded in 2018, where he focuses on health and wellness as a core vertical of investment. From August 2016 to June 2018, Mr. Grabowski was a partner at TPG Growth, where he oversaw the platform's consumer investments. From January 2007 to August 2016, Mr. Grabowski was a Managing Director at L Catterton, a middle market consumer-focused private equity firm. Mr. Grabowski has prior private equity experience at AEA Investors and American Capital Strategies. Mr. Grabowski holds an A.B. degree in Economics from Dartmouth College and an M.B.A. from The Wharton School of the University of Pennsylvania. We believe Mr. Grabowski is qualified to serve on our board of directors because of his extensive business and investment expertise and his knowledge of our company and our industry.

Brenda Morris has served on our board of directors since May 2019. Ms. Morris has over 35 years of experience in finance, accounting and operations roles concentrated in consumer products, food and beverage, retail and wholesale sectors. Ms. Morris is currently a Partner at CSuite Financial Partners, a financial executive services firm, which she joined in November 2015. Ms. Morris currently serves on the boards of directors of Boot Barn Holdings, Inc., Duluth Holdings Inc., Nutrition Topco, a health & wellness company and Audit Committee Chair, Ideal Image Holdings and Audit Committee Chair, a chain of medical spas and Asarasi Inc, a private sparkling tree water company. From 2016 to 2019, Ms. Morris served as Chief Financial Officer at Apex Parks Group, a privately held operating company of family entertainment centers, water parks and amusement parks. From 2015 to 2016, Ms. Morris served as Senior Vice President, Finance at Hot Topic, Inc., a specialty retailer. From 2013 to 2015, Ms. Morris served as Chief Financial Officer at 5.11 Tactical, a tactical gear and apparel wholesaler and retailer. Ms. Morris holds a B.A. from Pacific Lutheran University and an M.B.A. from Seattle University. We believe Ms. Morris is qualified to serve on our board of directors based on her extensive experience in finance, accounting and executive management and as a member of the board of directors of various companies in the consumer and retail industry.

Marc Magliacano has served on our board of directors since October 2018. Mr. Magliacano is a Managing Partner at L Catterton. Mr. Magliacano has been a senior investment professional at L Catterton, a middle market consumer-focused private equity firm, since May 2006. Prior to joining L Catterton, Mr. Magliacano was a Principal at North Castle Partners, a private equity firm focused on consumer investments that benefit from healthy living and aging trends. Mr. Magliacano has served on the boards of directors of a variety of private and public companies, including Restoration Hardware, a luxury home furnishings company. Mr. Magliacano currently serves on the board of directors of OneSpaWorld Holdings Limited, a health and wellness services company and Leslie's, Inc., an outdoor supplies and sporting goods retailer. Mr. Magliacano holds a B.S. from The Wharton School of the University of Pennsylvania and an M.B.A. from Columbia Business School. We believe Mr. Magliacano is qualified to serve on our board of directors based on his extensive investment experience and knowledge of our company.

Controlled Company

For purposes of the corporate governance rules of the , we are a "controlled company" and will continue to be a "controlled company" upon completion of this offering. Controlled companies under those rules are companies of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company. The Pre-IPO LLC Members will continue to beneficially own more than 50% of the combined voting power of Xponential Fitness, Inc. upon completion of this offering. As a "controlled company," we will be permitted to, and we intend to, elect not to comply with certain corporate governance requirements, including those that would otherwise require our board of directors to have a majority

of independent directors and require our compensation and nominating and governance committees each be comprised entirely of independent directors.

Board Structure and Compensation of Directors

Upon the completion of this offering, our board of directors will consist of directors. , , and qualify as independent directors under the corporate governance standards of .

Our directors will be divided into three classes serving staggered three-year terms. Class I, Class II and Class III directors will serve until our annual meetings of stockholders in 2021, 2022 and 2023, respectively. At each annual meeting of stockholders, directors will be elected to succeed the class of directors whose terms have expired. This classification of our board of directors could have the effect of increasing the length of time necessary to change the composition of a majority of our board of directors. In general, at least two annual meetings of stockholders will be necessary for stockholders to effect a change in a majority of the members of our board of directors.

Directors who are also full-time officers or employees of our company will receive no additional compensation for serving as directors. All other directors will receive an annual retainer of $. In addition, the chair of our audit committee will receive an annual fee of $ and the chair of our nominating and governance and compensation committees will receive an annual fee of $. Each non-employee director also will receive an annual grant of restricted stock under our long-term incentive plan having a fair market value (as defined in our long-term incentive plan) of $.

Board Committees

Audit Committee

The members of our audit committee are , and . is the chair of our audit committee. Wewill phase-in to the independence requirements of the corporate governance rules, which require us to have one independent audit committee member upon the listing of our common stock on , a majority of independent audit committee members within 90 days of listing and an audit committee consisting entirely of independent members within one year of listing. Our board of directors has determined that satisfies the "independence" requirements of and the Exchange Act. Each member of our audit committee is financially literate. In addition, our board of directors has determined that and are qualified as audit committee financial experts as defined in Item 407(d)(5)(ii) of Regulation S-K promulgated under the Securities Act. This designation does not impose any duties, obligations or liabilities that are greater than are generally imposed on members of our audit committee and our board of directors. Our audit committee is directly responsible for, among other things:

- selecting a firm to serve as the independent registered public accounting firm to audit our financial statements;
- ensuring the independence and qualifications of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm and reviewing, with management and that firm, our interim and year-end operating results;
- establishing procedures for employees to anonymously submit concerns about questionable accounting or audit matters;
- considering the adequacy of our internal controls and internal audit function;
- reviewing material related party transactions or those that require disclosure; and

- approving or, as permitted, pre-approving all audit and non-audit services to be performed by the independent registered public accounting firm.

Compensation Committee

The members of our compensation committee are , and . is the chair of our compensation committee. We intend to avail ourselves of certain exemptions afforded to controlled companies under corporate governance rules, which will exempt us from the requirement that we have a compensation committee composed entirely of independent directors. Our compensation committee is responsible for, among other things:

- reviewing and approving, or recommending that our board of directors approve, the compensation of our executive officers;
- reviewing and recommending to our board of directors the compensation of our directors;
- administering our stock and equity incentive plans;
- reviewing and approving, or making recommendations to our board of directors with respect to, incentive compensation and equity plans; and
- reviewing our overall compensation philosophy.

Nominating and Governance Committee

The members of our nominating and governance committee are , and . is the chair of our nominating and governance committee. We intend to avail ourselves of certain exemptions afforded to controlled companies under corporate governance rules, which will exempt us from the requirement that we have a nominating and governance committee composed entirely of independent directors. Our nominating and governance committee is responsible for, among other things:

- identifying and recommending candidates for membership on our board of directors;
- reviewing and recommending our corporate governance guidelines and policies;
- reviewing proposed waivers of the code of conduct for directors and executive officers;
- overseeing the process of evaluating the performance of our board of directors; and
- assisting our board of directors on corporate governance matters.

Code of Business Conduct and Ethics Policy

We have adopted a code of business conduct and ethics policy that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. These standards are designed to deter wrongdoing and to promote honest and ethical conduct. Upon the completion of this offering, the full text of our code of business conduct and ethics will be posted on the investor relations section of our website. We intend to disclose future amendments to our code of business conduct and ethics, or any waivers of such code, on our website or in public filings.

Compensation Committee Interlocks and Insider Participation

During 2020, Mark Grabowski, Marc Magliacano and Brenda Morris served as members of our compensation committee. None of the members of our compensation committee had during the prior fiscal year

been one of our officers or employees or, except for Mr. Grabowski, had a relationship requiring disclosure under "Certain Relationships and Related Party Transactions." None of our executive officers currently serves, or in the past fiscal year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

With respect to Mr. Grabowski, until the completion of this offering, H&W Franchise Holdings, which owned all of our equity interests prior to the consummation of the Reorganization Transactions, was a party to a management services agreement with H&W Investco Management LLC, pursuant to which H&W Investco Management LLC provided us with certain management services. Mr. Grabowski owns H&W Investco Management LLC. For the fiscal years ended December 31, 2019 and 2020, we paid H&W Investco Management LLC $557,000 and $795,000, respectively, for expenses and services provided under the management services agreement. See "Certain Relationships and Related Party Transactions."

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information concerning the compensation paid to our principal executive officer and our two other most highly compensated executive officers (our "Named Executive Officers") during our fiscal year ended December 31, 2020.

Name and Principal Position	Year	Salary ($)	Bonus(1) ($)	Stock Awards(2) ($)	All Other Compensation(3) ($)	Total ($)
Anthony Geisler	2020	400,000	—	—	413,478	713,478
Chief Executive Officer	2019	400,000	200,000	—	447,611	1,047,611
John Meloun	2020	300,000	—	—	36,563	336,563
Chief Financial Officer	2019	300,000	150,000	—	39,826	489,826
Ryan Junk	2020	267,277	10,000	—	4,316	281,593
Chief Operating Officer						

(1) Reflects bonus actually paid for 2020 performance for each executive officer.

(2) Reflects the grant date value of profits interest awards granted during the applicable year as calculated using the Black-Scholes method in accordance with FASB Accounting Standards Codification ("ASC") Topic 718. As discussed below under "Incentive Unit Awards—2020 Grants," an award of profits interests was made to Mr. Junk in 2020, which included both service-vesting units and performance-vesting units. The service-vesting units had a grant date fair value of $35,129. On the date of grant it was determined that attainment of the performance condition applicable to the performance-vesting units was not probable. As a result, pursuant to SEC regulations, we are including $0 for the value of the performance-vesting units in the Summary Compensation Table. Assuming that the highest level of performance under the award was achieved, the maximum value of this award as of the grant date would be $35,129. Assumptions made in the course of this valuation are set forth in Note 11 to our financial statements elsewhere in this prospectus.

(3) Reflects the matching contributions to the 401(k) plan and our payments to cover the employee portion of medical and dental insurance coverage for each executive officer. For Mr. Geisler, this amount also reflects a $400,000 consulting fee paid to Mr. Geisler by H&W Investco Management LLC for services to us rendered pursuant to the Consulting Agreement. For Mr. Meloun, this amount also reflects $23,630 in commuting expenses paid by us.

Narrative Disclosure to Summary Compensation Table

Employment Agreements

Anthony Geisler

We are party to an employment agreement with Mr. Geisler that was originally entered into between Mr. Geisler and Club Pilates Franchise, LLC as of May 2, 2017 and was assigned to us on September 26, 2017 (the "Geisler Employment Agreement"). The term of the Geisler Employment Agreement initially ran until May 2, 2020, after which the agreement renewed and will continue to renew annually for successive one-year periods, unless either party provides prior written notice of non-renewal.

Pursuant to the Geisler Employment Agreement, Mr. Geisler's annual base salary, now $400,000, is subject to increase by our board of directors based on Mr. Geisler's performance. Mr. Geisler is eligible to participate in our annual cash bonus program with an annual cash bonus opportunity of 50% of base salary, along

with our defined contribution, health, insurance, retirement and other benefit plans as provided to our similarly situated executives. In the event Mr. Geisler elects not to participate in our medical or dental plans, we will continue to pay for his current medical and dental plan (or any reasonable equivalent plan acceptable to Mr. Geisler) in lieu of participating in any such plans.

John Meloun

We are party to an employment agreement with Mr. Meloun that was entered into on June 18, 2018 (the "Meloun Employment Agreement"). The term of the Meloun Employment Agreement initially runs until June 18, 2021, after which the agreement renews annually for successive one-year periods, unless either party provides prior written notice of non-renewal.

Pursuant to the Meloun Employment Agreement, Mr. Meloun's annual base salary, now $300,000, is subject to increase by our board of directors based on Mr. Meloun's performance. Mr. Meloun is eligible to participate in our annual cash bonus program with an annual cash bonus opportunity of 50% of base salary, along with our defined contribution, health, insurance, retirement and other benefit plans as provided to our similarly situated executives. In the event Mr. Meloun elects not to participate in our medical or dental plans, we will continue to pay for his current medical and dental plan (or any reasonable equivalent plan acceptable to Mr. Meloun) in lieu of participating in any such plans.

Ryan Junk

We are party to an employment agreement with Mr. Junk that was entered into on July 1, 2020 (the "Junk Employment Agreement"). The term of the Junk Employment Agreement initially runs until July 1, 2021, after which the agreement renews annually for successive one-year periods, unless either party provides prior written notice of non-renewal.

Pursuant to the Junk Employment Agreement, Mr. Junk annual base salary, now $300,000, is subject to increase by our board of directors based on Mr. Junk's performance. Mr. Junk is eligible to participate in our annual cash bonus program with an annual cash bonus opportunity of up to $100,000, along with our defined contribution, health, insurance, retirement and other benefit plans as provided to our similarly situated executives. In the event Mr. Junk elects not to participate in our medical or dental plans, we will continue to pay for his current medical and dental plan (or any reasonable equivalent plan acceptable to Mr. Junk) in lieu of participating in any such plans.

We may decide to enter into new employment agreements with our Named Executive Officers in connection with this offering.

Management Services and Consulting Agreement

As discussed in more detail under "Certain Relationships and Related Party Transactions—Management Services Agreement," in 2020, H&W Franchise Holdings was party to a Management Services Agreement with H&W Investco Management LLC, pursuant to which H&W Investco Management LLC provided certain management, advisory, consulting and strategic planning services to H&W Franchise Holdings and its subsidiaries, including us. Pursuant to the Management Services Agreement, H&W Franchise Holdings agreed to pay H&W Investco Management LLC an annual fee of $750,000 and reimburse H&W Investco Management LLC for reasonable out-of-pocket expenses.

In connection with the Management Services Agreement, in 2020 H&W Investco Management LLC was party to a consulting agreement with Mr. Geisler. Pursuant to this consulting agreement, Mr. Geisler agreed to provide certain consulting services related to managing us pursuant to the Management Services Agreement. In exchange for these services, H&W Investco Management LLC agreed to pay Mr. Geisler a consulting fee of

$400,000 per year. This payment is in addition to the $400,000 of annual base salary payable to Mr. Geisler under the Geisler Employment Agreement. A total of $400,000 was payable to Mr. Geisler under the consulting agreement for these consulting services in 2020.

The Management Services Agreement and the consulting agreement will terminate automatically on consummation of this offering.

Equity Compensation Plans and Outstanding Awards

We maintain the First Amended and Restated Profits Interest Plan of H&W Franchise Holdings LLC (the "Profits Interest Plan"), in order to provide eligible employees of H&W Franchise Holdings or its affiliates with an opportunity to participate in our future. Under the Profits Interest Plan, we have granted to each of our Named Executive Officers awards of Class B Units in H&W Franchise Holdings (the "Incentive Units"), that are intended to be "profits interests" for income tax purposes. A profits interest award provides the award holder with value only if and to the extent that we grow in value following the grant of the award.

Incentive Unit Awards—Current Terms and Conditions

Except as noted below, one-half of the Incentive Units granted to each of our Named Executive Officers, referred to here as service-vesting units, are scheduled to vest over a specific schedule, subject only to the recipient's continued service through the applicable vesting date. All service-vesting units would vest upon the recipient's continued service through a Sale of the Company. For this purpose, Sale of the Company is generally defined as a sale or transfer of all or substantially all of the assets of H&W Franchise Holdings or any of its subsidiaries.

Except as noted below, the other half of the Incentive Units granted to each recipient, referred to here as performance-vesting units, are eligible to vest upon a Sale of the Company if, upon the Sale of the Company, H&W Investco, L.P. realizes net cash proceeds from the Sale of the Company representing a designated multiple from as low as 1.4x to as high as 4x of its aggregate equity investment in our company.

An award of Incentive Units was granted to Mr. Geisler on October 25, 2018 that provided for 24,300 performance-vesting units. An award to Mr. Geisler on October 24, 2018 that provided for 62,148 Incentive units provided that the first tranche of service-vesting units were vested as of the date of grant, with the remainder vesting on continued service through May 2, 2019, 2020 and 2021. An award was granted to Mr. Geisler on October 1, 2019 that provided for 25,000 performance-vesting units.

Incentive Unit Awards—2020 Grants

In 2020 we granted an award of Incentive Units to Mr. Junk that provides for 907.5 performance-vesting units and 907.5 service-vesting units. This award has a participation threshold of $244.46. 453.75 Incentive Units vested on August 11, 2020, 226.87 Incentive Units vested on February 27, 2021, and the remaining 226.87 units vest on February 27, 2022, subject to continued service.

Incentive Unit Awards—Treatment in Connection with this Offering

In connection with this offering and the transactions described in "Organizational Structure—The Reorganization Transactions," we expect that our Incentive Units will remain as profits interests of the respective recipients in H&W Franchise Holdings with a right of conversion into our common shares.

Equity Incentive Plan—Adoption in Connection with this Offering

We intend to adopt an equity incentive plan to facilitate grants of new equity incentives to our directors, employees (including our named executive officers) and consultants and to enable us and certain of our affiliates

to obtain and retain services of these individuals, which are essential to our long-term success. We expect that any new incentive plan will be effective on the date on which it is adopted by our board of directors, subject to approval by our shareholders.

Potential Payments upon Termination of Change in Control

Anthony Geisler

Pursuant to the Geisler Employment Agreement, if Mr. Geisler's employment is terminated (i) by us without "cause" (as defined in the Geisler Employment Agreement) or (ii) by Mr. Geisler for "good reason" (as defined in the Geisler Employment Agreement), and Mr. Geisler executes a release of all claims in substance and form satisfactory to us, Mr. Geisler will be entitled to severance payments of 12 months' base salary, payable in periodic installments according to our regular payroll practices.

John Meloun

Pursuant to the Meloun Employment Agreement, if Mr. Meloun's employment is terminated (i) by us without "cause" (as defined in the Meloun Employment Agreement) or (ii) by Mr. Meloun for "good reason" (as defined in the Meloun Employment Agreement), and Mr. Meloun executes a release of all claims in substance and form satisfactory to us, Mr. Meloun will be entitled to severance payments of six months' base salary, payable in periodic installments according to our regular payroll practices.

Ryan Junk

Pursuant to the Junk Employment Agreement, if Mr. Junk's employment is terminated (i) by us without "cause" (as defined in the Junk Employment Agreement) or (ii) by Mr. Junk for "good reason" (as defined in the Junk Employment Agreement), and Mr. Junk executes a release of all claims in substance and form satisfactory to us, Mr. Junk will be entitled to severance payments of six months' base salary, payable in periodic installments according to our regular payroll practices.

Retirement, Health, Welfare and Additional Benefits

We maintain a tax-qualified retirement plan (the "401(k) Plan"), that provides eligible employees with an opportunity to save for retirement on a tax-advantaged basis. The 401(k) Plan permits us to make matching contributions and profit sharing contributions to eligible participants. Eligible employees are able to participate in the 401(k) Plan one month following their start date, and will be eligible for matching contributions after one year of service. Participants are able to defer up to 100% of their eligible compensation subject to applicable annual Code limits. All participants' interests in their deferrals are 100% vested when contributed. Participants vest into matching contributions and profit sharing contributions over a two- and six-year period, respectively.

In 2020 we provided for a discretionary match of 100% of the first 4% of compensation contributed to the 401(k) Plan for each participant. The amount we contributed on behalf of each Named Executive Officer in 2020, if any, is reflected above under "—Summary Compensation Table."

Outstanding Equity Awards at Fiscal Year End

The following table sets forth information concerning outstanding equity incentive plan awards for our Named Executive Officers as of the end of our fiscal year ended December 31, 2020.

	Incentive Unit Awards			
Name	Number of Incentive Units That Have Not Vested (#)	Market Value of Incentive Units That Have Not Vested ($)(1)	Equity Incentive Plan Awards: Number of Unearned Incentive Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Incentive Units or Other Rights That Have Not Vested ($)(1)
Anthony Geisler	5,523.1(2)		22,092.4(3)	
	7,768.5(4)		31,074.0(5)	
			24,300.0(6)	
			25,000.0(7)	
John Meloun	2,148.8(8)		4,297.7(9)	
Ryan Junk	303.8(10)		607.5(11)	
	453.8(12)		907.5(13)	

(1) Reflects the value of each award based on the value of a common unit as of December 31, 2020 and subject to a participation threshold.

(2) Represents unvested Incentive Units under an award granted August 17, 2017, with an initial participation threshold of $92.01, which was adjusted to $98.18 in connection with an assumption of the award by H&W Franchise Holdings. This portion of the award vests in annual installments on the first four anniversaries of the grant date.

(3) Represents unvested Incentive Units under an award granted August 17, 2017 with an initial participation threshold of $92.01, which was adjusted to $98.18 in connection with an assumption of the award by H&W Franchise Holdings. This portion of the award vests upon continued service through a Sale of the Company as defined in the profit interest award agreement if H&W Investco, L.P. realizes net cash proceeds of between 2.2307x to 3.0769x of its equity investment in our company.

(4) Represents unvested Incentive Units under an award granted October 24, 2018 with a participation threshold of $135.00. This portion of the award vests in four equal installments including on the grant date, and the first three anniversaries of May 2, 2018.

(5) Represents unvested Incentive Units under an award granted October 24, 2018 with a participation threshold of $135.00. This portion of the award vests upon continued service through a Sale of the Company as defined in the profit interest award agreement if H&W Investco, L.P. realizes net cash proceeds of between 1.4x to 4x of its equity investment in our company.

(6) Represents unvested Incentive Units under an award granted October 25, 2018 with a participation threshold of $255.00. This portion of the award vests upon continued service through a Sale of the Company as defined in the profit interest award agreement if H&W Investco, L.P. realizes net cash proceeds of 4x of its equity investment in our company.

(7) Represents unvested Incentive Units under an award granted October 1, 2019 with a participation threshold of $365.16. This portion of the award vests upon continued service through a Sale of the Company as defined in the profit interest award agreement if H&W Investco, L.P. realizes net cash proceeds of at least 4x of its equity investment in our company.

(8) Represents unvested Incentive Units under an award granted October 24, 2018 with a participation threshold of $135.00. This portion of the award vests in annual installments on the first four anniversaries of July 2, 2018.

(9) Represents unvested Incentive Units under an award granted October 24, 2018 with a participation threshold of $135.00. This portion of the award vests upon continued service through a Sale of the Company as defined in the profit interest award agreement if H&W Investco, L.P. realizes net cash proceeds of between 2.2307x to 3.0769x of its equity investment in our company.

(10) Represents unvested Incentive Units under an award granted February 27, 2018 with a participation threshold of $100.67. This portion of the award vests in annual installments on the first four anniversaries of February 27, 2018.

(11) Represents unvested Incentive Units under an award granted February 27, 2018 with a participation threshold of $100.67. This portion of the award vests upon continued service through a Sale of the Company as defined in the profit interest award agreement if H&W Investco, L.P. realizes net cash proceeds of between 2.2307x to 3.0769x of its equity investment in our company.

(12) Represents unvested Incentive Units under an award granted August 11, 2020 with a participation threshold of $244.46. This portion of the award vested 453.75 incentive units on August 11, 2020, 226.87 incentive units vested on February 27, 2021, and the remaining in 226.87 units vest on February 27, 2022.

(13) Represents unvested Incentive Units under an award granted August 11, 2020 with a participation threshold of $244.46. This portion of the award vests upon continued service through a Sale of the Company as defined in the profit interest award agreement if H&W Investco, L.P. realizes net cash proceeds of between 3.0x to 4.0x of its equity investment in our company.

Director Compensation

The table below shows the equity and other compensation granted to ournon-employee directors for fiscal 2020.

Name	Fees Earned or Paid in Cash ($)	Stock Awards(1) ($)	All Other Compensation(2) ($)	Total ($)
Brenda Morris	65,000	—	—	65,000
Mark Grabowski	—	—	262,500	262,500
Marc Magliacano	—	—	—	—

(1) As of December 31, 2020, Ms. Morris held 1,215 Incentive Units that fully vest on May 29, 2021.

(2) For Mr. Grabowski, reflects fees paid under the Management Services Agreement with H&W Investco Management LLC. In 2020 we incurred $750,000 for services under this agreement, which $350,000 and $400,000 were payable to Snapdragon Capital Partners, with which Mr. Grabowski is affiliated, and Mr. Geisler respectively. In 2020, payments of $300,000 and $262,500 were paid, and the remaining balance were deferred and expected to be paid in 2021. Of this amount, H&W Investco Management LLC was bound to pay $400,000 to Mr. Geisler in compensation for his services to us under this Management Services Agreement.

As discussed in more detail under the title “Certain Relationships and Related Party Transactions—Management Services Agreement” below, in 2020 H&W Franchise Holdings was party to a Management Services Agreement with H&W Investco Management LLC under which we accrued $795,000 in fees and expenses payable to H&W Investco Management LLC in exchange for certain management, advisory or the consulting services for that year. Mr. Grabowski is the sole owner of H&W Investco Management LLC. H&W Investco Management LLC is separately party to a consulting agreement with Mr. Geisler under which it has agreed to pay Mr. Geisler a consulting fee of $400,000 per year for services rendered to us pursuant to the Management Services Agreement. The Management Services Agreement and consulting agreement will be terminated in connection with this offering.

We entered into a Board of Managers Agreement (the "Morris Managers Agreement") with Ms. Morris in connection with her appointment to our board of directors. The Morris Managers Agreement provides Ms. Morris with annual compensation of $50,000, an annual retainer $15,000 in recognition of her service as the chair of our audit committee and reimbursements for reasonable expenses she incurs in connection with her service on our board of directors.

After the completion of this offering, we may adopt a compensation program for oumon-employee directors.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We describe below transactions and series of related transactions, since January 1, 2018 or currently proposed, in which:

- we or any of our subsidiaries have been or will be a participant;
- the amounts involved exceeded or will exceed $120,000; and
- any of our directors, executive officers or beneficial holders of more than 5% of any class of our capital stock, or any immediate family member of, or person sharing a household with, any of these individuals, had or will have a direct or indirect material interest.

Other than as described below, there have not been, nor are there any currently proposed, any transactions or series of transactions meeting these criteria to which we have been or will be a party, other than compensation and employment arrangements, which are described where required under "Management" and "Executive Compensation."

In this section, terms such as "we," "us" and "our" refer to Xponential Fitness LLC with respect to transactions and events arising before February 24, 2020. Xponential Fitness LLC became a wholly owned subsidiary of Xponential Holdings LLC on February 24, 2020.

Amended LLC Agreement

In connection with the Reorganization Transactions, Xponential Fitness, Inc., Xponential Holdings LLC and each of the ContinuingPre-IPO LLC Members will enter into the Amended LLC Agreement. Following the Reorganization Transactions, and in accordance with the terms of the Amended LLC Agreement, we will operate our business through Xponential Holdings LLC. Pursuant to the terms of the Amended LLC Agreement, so long as the Continuing Pre-IPO LLC Members continue to own any LLC Units or securities redeemable or exchangeable into shares of our Class A common stock, we will not, without the prior written consent of such holders, engage in any business activity other than the management and ownership of Xponential Fitness LLC or own any assets other than securities of Xponential Holdings LLC and/or any cash or other property or assets distributed by or otherwise received from Xponential Holdings LLC, unless we determine in good faith that such actions or ownership are in the best interest of Xponential Holdings LLC.

As the managing member of Xponential Holdings LLC, we will have control over all of the affairs and decision making of Xponential Holdings LLC. As such, through our officers and directors, we will be responsible for all operational and administrative decisions of Xponential Fitness LLC through our ownership of Xponential Holdings LLC and the day-to-day management of Xponential Fitness LLC's business through our ownership of Xponential Holdings LLC. We will fund any dividends to our stockholders by causing Xponential Holdings LLC to make distributions to the holders of LLC Units and us, subject to the limitations imposed by our debt agreements. See "Dividend Policy."

The holders of LLC Units will generally incur U.S. federal, state and local income taxes on their proportionate share of any net taxable income of Xponential Holdings LLC. Net profits and net losses of Xponential Holdings LLC will generally be allocated to its members pro rata in accordance with the percentages of their respective ownership of LLC Units, though certain non-pro rata adjustments will be made to reflect tax depreciation, amortization and other allocations. The Amended LLC Agreement will provide for pro rata cash distributions to the holders of LLC Units for purposes of funding their tax obligations in respect of the taxable income of Xponential Holdings LLC that is allocated to them. Generally, these tax distributions will be computed based on Xponential Holdings LLC's estimate of the net taxable income of Xponential Holdings LLC allocable to the holders of LLC Units multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. federal, state and local income tax rate prescribed for an individual or corporate resident of California (taking into account the non-deductibility of certain expenses and the character of our income).

Except as otherwise determined by us, if at any time we issue a share of our Class A common stock, the net proceeds received by us with respect to such share, if any, shall be concurrently invested in Xponential Holdings LLC and Xponential Holdings LLC shall issue to us one LLC Unit (unless such share was issued by us solely to fund the purchase of an LLC Unit from a holder of LLC Units (upon an election by us to exchange such LLC Unit in lieu of redemption following a redemption request by such holder of LLC Units, in which case such net proceeds shall instead be transferred to the selling holder of LLC Units as consideration for such purchase, and Xponential Holdings LLC will not issue an additional LLC Unit to us)). Similarly, except as otherwise determined by us, (i) Xponential Holdings LLC will not issue any additional LLC Units to us unless we issue or sell an equal number of shares of our Class A common stock and (ii) should Xponential Holdings LLC issue any additional LLC Units to the Pre-IPO LLC Members or any other person, we will issue an equal number of shares of our Class B common stock to such Pre-IPO LLC Members or any other person. Conversely, if at any time any shares of our Class A common stock are redeemed, purchased or otherwise acquired by us, Xponential Holdings LLC will redeem, purchase or otherwise acquire an equal number of LLC Units held by us, upon the same terms and for the same price per security, as the shares of our Class A common stock are redeemed, purchased or otherwise acquired by us. In addition, Xponential Holdings LLC will not effect any subdivision (by any unit split, unit distribution, reclassification, reorganization, recapitalization or otherwise) or combination (by reverse unit split, reclassification, reorganization, recapitalization or otherwise) of the LLC Units unless it is accompanied by substantively identical subdivision or combination, as applicable, of each class of our common stock, and we will not effect any subdivision or combination of any class of our common stock unless it is accompanied by a substantively identical subdivision or combination, as applicable, of the LLC Units.

Under the Amended LLC Agreement, the holders of LLC Units (other than us) will have the right, from and after the completion of this offering (subject to the terms of the Amended LLC Agreement), to require Xponential Holdings LLC to redeem all or a portion of their LLC Units for, at our election, newly-issued shares of Class A common stock on a one-for-one basis or a cash payment equal to the volume-weighted average market price of one share of our Class A common stock for each LLC Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the Amended LLC Agreement. If we decide to make a cash payment, the holder of an LLC Unit has the option to rescind its redemption request within a specified time period. Upon the exercise of the redemption right, the redeeming member will surrender its LLC Units to Xponential Holdings LLC for cancellation. The Amended LLC Agreement will require that we contribute cash or shares of our Class A common stock to Xponential Holdings LLC in exchange for newly-issued LLC Units in Xponential Holdings LLC that will be issued to us in an amount equal to the number of LLC Units redeemed from the holders of LLC Units. Xponential Holdings LLC will then distribute the cash or shares of Class A common stock to such holder of an LLC Unit to complete the redemption. Additionally, in the event of a redemption request from a holder of LLC Units, we may, at our option, effect a direct exchange of cash or Class A common stock for LLC Units in lieu of such a redemption. Whether by redemption or exchange, we are obligated to ensure that at all times the number of LLC Units that we own equals the number of shares of Class A common stock issued by us (subject to certain exceptions for treasury shares and shares underlying certain convertible or exchangeable securities). Shares of Class B common stock will be cancelled on a one-for-one basis if we, following a redemption request from a holder of LLC Units, redeem or exchange LLC Units of such holder pursuant to the terms of the Amended LLC Agreement.

The Amended LLC Agreement provides that, in the event that a tender offer, share exchange offer, issuer bid, take-over bid, recapitalization or similar transaction with respect to our Class A common stock is proposed by us or our stockholders and approved by our board of directors or is otherwise consented to or approved by our board of directors, the holders of LLC Units will be permitted to participate in such offer by delivery of a notice of redemption or exchange that is effective immediately prior to the consummation of such offer. In the case of any such offer proposed by us, we are obligated to use our reasonable best efforts to enable and permit the holders of LLC Units to participate in such offer to the same extent or on an economically equivalent basis as the holders of shares of our Class A common stock without discrimination. In addition, we are obligated to use our reasonable best efforts to ensure that the holders of LLC Units may participate in each such offer without being required to redeem or exchange LLC Units.

Subject to certain exceptions, Xponential Holdings LLC will indemnify all of its members, and their officers and other related parties, against all losses or expenses arising from claims or other legal proceedings in which such persons (in their capacity as such) may be involved or become subject to in connection with Xponential Holdings LLC's business or affairs or the Amended LLC Agreement or any related document.

Xponential Holdings LLC may be dissolved upon (i) the determination by us to dissolve Xponential Holdings LLC or (ii) any other event which would cause the dissolution of Xponential Holdings LLC under the Delaware Limited Liability Company Act, unless Xponential Holdings LLC is continued in accordance with the Delaware Limited Liability Company Act. Upon dissolution, Xponential Holdings LLC will be liquidated and the proceeds from any liquidation will be applied and distributed in the following manner: (a) first, to creditors (including creditors who are members or affiliates of members) in satisfaction of all of Xponential Holdings LLC's liabilities (whether by payment or by making reasonable provision for payment of such liabilities, including the setting up of any reasonably necessary reserves) and (b) second, to the members in proportion to their vested LLC Units.

Tax Receivable Agreement

As described under "Organizational Structure," we will acquire certain favorable tax attributes from the Blocker Companies in the Mergers. In addition, acquisitions by Xponential Fitness, Inc. of LLC Units from certain Continuing Pre-IPO LLC Members in connection with this offering, future taxable redemptions or exchanges by Continuing Pre-IPO LLC Members of LLC Units for shares of our Class A common stock or cash, and other transactions described herein are expected to result in favorable tax attributes for us.

These tax attributes would not be available to us in the absence of those transactions and are expected to reduce the amount of tax that we would otherwise be required to pay in the future.

Upon the completion of this offering, we will be a party to a TRA with the Continuing Pre-IPO LLC Members and the Reorganization Parties. Under the TRA, we generally will be required to pay to the TRA parties in the aggregate 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of (i) certain tax attributes that are created as a result of the redemptions or exchanges of LLC Units for shares of our Class A common stock or cash, (ii) any existing tax attributes associated with LLC Units we acquire, the benefit of which will be allocable to us as a result of the Mergers and exchanges by Continuing Pre-IPO LLC Members of their LLC Units for shares of our Class A common stock or cash (including the portion of Xponential Holdings LLC's existing tax basis in its assets that is allocable to the LLC Units that are acquired), (iii) tax benefits related to imputed interest, (iv) NOLs available to us as a result of the Mergers and (v) tax attributes resulting from payments under the TRA. These payment obligations are obligations of Xponential Fitness, Inc. and not of Xponential Holdings LLC.

The payment obligations under the TRA are our obligations, and we expect that the payments we will be required to make under the TRA will be substantial. Assuming no material changes in relevant tax law and that we earn sufficient taxable income to realize all tax benefits that are subject to the TRA, we expect that the tax savings associated with (1) the Mergers and (2) future redemptions or exchanges of LLC Units as described above would aggregate to approximately $ over 15 years from the date of the completion of this offering, based on an assumed initial public offering price of $ per share of our Class A common stock (the midpoint of the estimated price range set forth on the cover page of this prospectus) and assuming all future redemptions or exchanges would occur within one year of the completion of this offering. Under this scenario we would be required to pay the other parties to the TRA approximately 85% of such amount, or $, over the 15-year period from the date of the completion of this offering. The actual amounts we will be required to pay may materially differ from these hypothetical amounts, because potential future tax savings that we will be deemed to realize, and TRA payments by us, will be calculated based in part on the market value of our Class A common stock at the time of each redemption or exchange of an LLC Unit for a share of Class A common stock and the prevailing applicable federal tax rate (plus the assumed combined state and local tax rate) applicable to us over

the life of the TRA and will depend on our generating sufficient future taxable income to realize the tax benefits that are subject to the TRA. Payments under the TRA are not conditioned on our existing owners' continued ownership of us after this offering.

Payments under the TRA will be based on the tax reporting positions we determine, and the IRS or another tax authority may challenge all or a part of the existing tax basis, tax basis increases, NOLs or other tax attributes subject to the TRA, and a court could sustain such challenge. The TRA parties will not reimburse us for any payments previously made if such tax basis, NOLs or other tax benefits are subsequently challenged by a tax authority and are ultimately disallowed, except that any excess payments made to a TRA party will be netted against future payments otherwise to be made to such TRA party under the TRA, if any, after our determination of such excess. In addition, the actual state or local tax savings we may realize may be different than the amount of such tax savings we are deemed to realize under the TRA, which will be based on an assumed combined state and local tax rate applied to our reduction in taxable income as determined for U.S. federal income tax purposes as a result of the tax attributes subject to the TRA. In both such circumstances, we could make payments under the TRA that are greater than our actual cash tax savings, and we may not be able to recoup those payments, which could negatively impact our liquidity. The TRA provides that (1) in the event that we materially breach any of our material obligations under the TRA or (2) if, at any time, we elect an early termination of the TRA, our obligations under the TRA (with respect to all LLC Units, whether or not LLC Units have been exchanged or acquired before or after such transaction) would accelerate and become payable in a lump sum amount equal to the present value of the anticipated future tax benefits calculated based on certain assumptions, including that we would have sufficient taxable income to fully utilize the deductions arising from the tax deductions, tax basis and other tax attributes subject to the TRA. The TRA also provides that, upon certain mergers, asset sales or other forms of business combination, or certain other changes of control, our or our successor's obligations with respect to tax benefits would be based on certain assumptions, including that we or our successor would have sufficient taxable income to fully utilize the increased tax deductions and tax basis and other benefits covered by the TRA. As a result, upon a change of control, we could be required to make payments under the TRA that are greater than the specified percentage of our actual cash tax savings, which could negatively impact our liquidity. The change of control provisions in the TRA may result in situations where the Pre-IPO LLC Members have interests that differ from or are in addition to those of our other stockholders.

Finally, because we are a holding company with no operations of our own, our ability to make payments under the TRA depends on the ability of Xponential Holdings LLC to make distributions to us. To the extent that we are unable to make payments under the TRA for any reason, such payments will be deferred and will accrue interest until paid, which could negatively impact our results of operations and could also affect our liquidity in periods in which such payments are made.

Registration Rights Agreement

Prior to the completion of this offering, we will enter into a registration rights agreement (the "Registration Rights Agreement") with the Continuing Pre-IPO LLC Members.

At any time beginning 180 days following the completion of this offering, subject to several exceptions, the Continuing Pre-IPO LLC Members may require that we register for public resale under the Securities Act all shares of common stock constituting registrable securities that they request be registered at any time following this offering so long as the securities requested to be registered in each registration statement have an aggregate estimated market value of least $ million. If we become eligible to register the sale of our securities on Form S-3 under the Securities Act, which will not be until at least twelve months after the date of this prospectus, the Continuing Pre-IPO LLC Members have the right to require us to register the sale of the registrable securities held by them on Form S-3, subject to offering size and other restrictions. If we propose to register any of our securities under the Securities Act for our own account or the account of any other holder (excluding any registration related to an employee benefit plan or a corporate reorganization or other transaction under Rule 145 of the Securities Act), the Continuing Pre-IPO LLC Members are entitled to notice of such registration and to

request that we include their registrable securities for resale on such registration statement, and we are required, subject to certain exceptions, to include such registrable securities in such registration statement.

We will undertake in the Registration Rights Agreement to use our reasonable best efforts to file a shelf registration statement on Form S-3 to permit the resale of the shares of Class A common stock held by Continuing Pre-IPO LLC Members.

In connection with the transfer of their registrable securities, the parties to the Registration Rights Agreement may assign certain of their respective rights under the Registration Rights Agreement under certain circumstances. In connection with the registrations described above, we will indemnify any selling stockholders, and we will bear all fees, costs and expenses (except underwriting discounts and spreads).

Lease

On September 13, 2019, we entered into a lease agreement with Von Karman Production LLC for the building located at 17522 Von Karman Avenue, Irvine, CA. Von Karman Production LLC is owned by Anthony Geisler, our Chief Executive Officer and founder. Pursuant to the lease, we are obligated to pay monthly rent of $25,000 to Von Karman Productions LLC for an initial lease term of five years expiring on August 31, 2024. In 2019 and 2020, we paid an aggregate of approximately $130,000 and $303,000, respectively, to Von Karman Production LLC.

Equity Financing Transaction

On February 12, 2020, H&W Franchise Holdings sold 5,000,000 of its Class A-4 Units at a purchase price of $10 per unit for an aggregate purchase price of $50 million to LCAT Franchise Fitness Holdings, Inc., which is an affiliate of Mr. Magliacano, a member of our board of directors. H&W Franchise Holdings then contributed $49.4 million, which represents the proceeds from the sale less certain expenses, to H&W Intermediate, which then contributed the $49.4 million to us. Also in February 2020, we returned $19.4 million of the contribution to H&W Intermediate. Also, in 2020, $53.8 million of the proceeds from the borrowings under the Credit Agreement were forwarded to H&W Franchise Holdings.

Credit Agreement Amendment Transactions

On August 31, 2020, substantially concurrently with the execution of the First Amendment (as discussed under "Management's Discussion and Analysis of Financial Results—Liquidity and Capital Resources—Credit Agreement"), H&W Franchise Holdings sold an aggregate of 31,896.58 of its Class A-5 Units to four entities at a purchase price of $470.27 per unit for an aggregate purchase price of $15 million. H&W Franchise Holdings sold $9.8 million of Class A-5 Units to H&W Investco, L.P. and H&W Investco BL Feeder LP, which are affiliates of Mr. Grabowski, a member of our board of directors; $3.1 million of Class A-5 units to LAG Fit, Inc., which is an affiliate of Anthony Geisler, our Chief Executive Officer and founder, and $2.1 million of Class A-5 Units to LCAT Franchise Fitness Holdings, Inc., which is an affiliate of Mr. Magliacano, a member of our board of directors. H&W Franchise Holdings then contributed $10 million of the total $15 million of proceeds to Xponential Fitness LLC, which used them to pay down borrowings under our Loans. Concurrent with these transactions, H&W Investco, L.P. and Mr. Geisler executed limited guaranty agreements pursuant to which they guaranteed up to $7.9 million and $2.1 million, respectively, of borrowings under our Loans.

On August 31, 2020, H&W Franchise Holdings also entered into a promissory note with ICI, which is an affiliate of Mr. Geisler, pursuant to which it agreed to loan ICI an aggregate principal amount of up to $5 million at an interest rate of 10% per annum. H&W Franchise Holdings also entered into a limited guaranty agreement with Mr. Geisler pursuant to which Mr. Geisler guaranteed ICI's borrowings under this promissory note. ICI borrowed an aggregate of $3.1 million pursuant to this promissory note on August 31, 2020. As of December 31, 2020, $3.1 million remained outstanding under this promissory note, and no interest or principal had been paid.

On March 24, 2021, the Xponential Fitness LLC amended the Credit Agreement to provide for additional term loans in an amount up to $10.6 million, which amount was borrowed and the proceeds distributed to H&W Franchise Holdings to fund a note payable from the selling parties of the Rumble Acquisition to H&W Franchise Holdings.

Brand Acquisitions

We acquired certain of our brands in a series of transactions that resulted in certain entities becoming the holders of 5% or more of our parent entity's equity interests and in which certain of our related parties had a direct or indirect material interest.

Pure Barre

On October 25, 2018, H&W Franchise Holdings entered into an agreement and plan of merger with CP Barre Holdings, Inc. to acquire Barre Holdco, LLC ("Pure Barre"). Pursuant to this agreement, a wholly owned subsidiary of H&W Franchise Holdings merged with and into Pure Barre, which emerged from the transaction as a wholly owned subsidiary of H&W Franchise Holdings. As consideration for the acquisition, H&W Franchise Holdings (i) issued 159,306.1 of its Class A-3 Units, which it valued at approximately $40 million, to CP Barre Holdings, Inc., (ii) assumed approximately $53 million of debt attributable to Pure Barre and (iii) paid cash-out payments of approximately $13 million to the other unitholders of Pure Barre. H&W Franchise Holdings then contributed Pure Barre to H&W Intermediate, which then immediately contributed Pure Barre to us. We are considered the acquirer for purposes of purchase accounting as we financed the acquisition through cash and debt.

As a result of these transactions, Pure Barre became our wholly owned subsidiary and CP Barre Holdings, Inc. became a holder of 5% or more of the equity interests of H&W Franchise Holdings. CP Barre Holdings subsequently transferred its Class A-3 Units of H&W Franchise Holdings to LCAT Franchise Fitness Holdings, Inc. Each of CP Barre Holdings, Inc. and LCAT Franchise Fitness Holdings, Inc. is an affiliate of Mr. Magliacano, a member of our board of directors.

Rumble

On March 24, 2021, H&W Franchise Holdings entered into a contribution agreement with Rumble Holdings LLC, Rumble Parent LLC and Rumble Fitness LLC to acquire certain rights and intellectual property of Rumble Fitness LLC ("Rumble"), to be used by H&W Franchise Holdings in connection with the franchise business under the "Rumble" trade name. Pursuant to this agreement, Rumble became a direct subsidiary of Rumble Parent LLC, which is owned by Rumble Holdings LLC, and H&W Franchise Holdings acquired the certain rights and intellectual property of Rumble Holdings LLC, which beneficially held all of the issued and outstanding membership interests of Rumble. As consideration, H&W Franchise Holdings (i) issued 39,540.5 of its Class A Units to Rumble Holdings LLC, (ii) issued 61,573.5 Class A Units to Rumble Holdings LLC, which are subject to vesting and forfeiture as provided in the contribution agreement and (iii) assumed and discharged any liabilities arising from and after the closing date under the assigned contracts and acquired assets. H&W Franchise Holdings then contributed the Rumble assets to H&W Intermediate, which then immediately contributed the Rumble assets to us. As a result of this transaction, Rumble became a holder of 5% or more of the equity interests of H&W Franchise Holdings.

Management Services Agreement

On September 29, 2017, H&W Franchise Holdings, which owned all of our equity interests prior to the consummation of the Reorganization Transactions, entered into a management services agreement (the "Management Services Agreement") with TPG Growth III Management, LLC, an affiliate of TPG, which owned 5% or more of the equity interests of H&W Franchise Holdings at the time of the transaction, pursuant to which

it provided certain management, advisory, consulting and strategic planning services to H&W Franchise Holdings and us. In connection with these services, we recorded approximately $94,000 and $640,000 of expense, net of expenses allocated to STG, during 2017 and 2018, respectively, including reimbursement for reasonable out-of-pocket expenses incurred by it, its affiliates and designees in connection with their management, operations and the provision of services pursuant to this agreement.

On June 28, 2018, TPG Growth III Management, LLC assigned its interest in the Management Services Agreement to H&W Investco Management LLC. H&W Investco Management LLC is owned by Mark Grabowski, a member of our board of directors. Pursuant to the Management Services Agreement, H&W Investco Management LLC provides certain management, advisory, consulting and strategic planning services to H&W Franchise Holdings and its subsidiaries, including us. In exchange, H&W Franchise Holdings agreed to pay H&W Investco Management LLC an annual fee of $750,000 and reimburse it for reasonable out-of-pocket expenses. During 2018, 2019 and 2020, we recorded expense for our share of services received from H&W Investco Management LLC of approximately $206,000, $557,000 and $795,000, respectively, which is included in selling, general and administrative expenses. The Management Services Agreement will terminate automatically upon the completion of this offering.

In connection with the Management Services Agreement, H&W Investco Management LLC entered into a consulting agreement with Anthony Geisler, our Chief Executive Officer and founder, on June 30, 2018. Pursuant to the consulting agreement, Mr. Geisler provided certain consulting services related to managing us. In exchange for these services, H&W Investco Management LLC agreed to pay Mr. Geisler a consulting fee of $400,000 per year. We pay the fee described above to H&W Investco Management LLC pursuant to the Management Services Agreement, and H&W Investco Management LLC pays the consulting fee to Mr. Geisler pursuant to the consulting agreement. During the years 2018, 2019 and 2020, H&W Investco Management LLC paid Mr. Geisler an aggregate of $203,297, $400,000 and $400,000 respectively. This consulting agreement will terminate automatically upon the completion of this offering.

Loans from the Chief Executive Officer

Anthony Geisler, our Chief Executive Officer, is the sole owner of ICI, which has directly and indirectly provided financing to a limited number of franchisees to fund working capital, equipment leases, franchise fees and other related expenses. ICI has also provided unsecured loans to us, and we in turn loaned these funds to franchisees. The loans from ICI to us accrued interest at 15% per annum. Loans from us to the franchisees generally began accruing interest 45 days after the issuance to the franchisee. At December 31, 2018, we had recorded approximately $928,000 of notes receivable from franchisees and $1.6 million of notes payable to ICI. We recognized approximately $36,000 and $78,000 of interest income for the loans to franchisees and interest expense for the loans from ICI, respectively, for the year ended December 31, 2018. At December 31, 2019, we had recorded approximately $221,000 of notes receivable from franchisees and $225,000 of notes payable to ICI. We recognized approximately $49,000 and $61,000 of interest income for the loans to franchisees and interest expense for the loans from ICI, respectively, for the year ended December 31, 2019. We paid approximately $2.1 million of the outstanding principal amount in the year ended December 31, 2019. In 2019, the largest aggregate amount of principal outstanding between us and ICI was $2.5 million. At December 31, 2020, we had recorded approximately $94,000 of notes receivable from franchisees and $86,000 of notes payable to ICI. We recognized approximately $13,000 and $19,000 of interest income for the loans to franchisees and interest expense for the loans from ICI, respectively, for the year ended December 31, 2020. We paid approximately $0.1 million of the outstanding principal amount in the year ended December 31, 2020. In 2020, the largest aggregate amount of principal outstanding between us and ICI was $0.2 million.

In addition, in 2018, Row House received a net additional $155,000 from ICI, which was not disbursed to a franchisee and remained outstanding at December 31, 2018. In 2019, Row House dispersed all of these funds to pay a franchisee’s invoice related to leasehold improvements.As of February 2019, this loan was paid off. We did not pay any interest on this loan.

Loan and Franchise Arrangements with Ryan Junk

In August 2019, we entered into a secured promissory note with Ryan Junk, our Chief Operating Officer, and Lindsay Junk, his spouse, pursuant to which we loaned Mr. and Mrs. Junk an aggregate principal amount of $500,000 for payment of costs and expenses incurred in the operation of CycleBar studios at an interest rate of LIBOR plus 6% per annum. As of December 31, 2020, we recorded interest income of approximately $41,000 on the promissory note and the outstanding balance under the promissory note was approximately $508,000, which includes unpaid interest.

In late 2019 and early 2020, certain entities owned by Mr. Junk entered into transfer and assignment agreements with CycleBar Franchising, LLC ("CycleBar"), our wholly owned subsidiary, and six existing CycleBar franchisees. Pursuant to these agreements, Mr. Junk assumed control of nine existing CycleBar studios and assumed the rights and responsibilities of the existing franchisees under their franchise agreements with CycleBar. Pursuant to these franchise agreements, we recorded net revenue of approximately $121,000 and $327,000 in 2019 and 2020, respectively, subsequent to the dates that Mr. Junk assumed control of these studios.

Mr. Junk was not an executive officer at the time of these transactions and was subsequently appointed as our Chief Operating Officer in July 2020.

Transactions with STG

Prior to the consummation of the Reorganization Transactions, we and STG were each wholly owned subsidiaries of H&W Intermediate. After the consummation of the Reorganization Transactions, H&W Intermediate will no longer hold any interest in us, and STG will be dissolved.

Funding STG

During the year ended December 31, 2017, we advanced funds of $16.3 million to H&W Intermediate, which in turn utilized these funds to acquire STG. As of December 31, 2018, we had a receivable from H&W Intermediate related to providing funds to STG for operating expenses and debt service aggregating approximately $1.8 million and $13.2 million for debt owed by STG that we assumed as STG did not have the ability to repay the debt to the lender. No interest income was received or accrued by us related to these receivables. During 2018, we recorded a reduction on our consolidated financial statements to H&W Intermediate's equity of approximately $31.3 million as we determined that H&W Intermediate had no plan to repay these amounts in the foreseeable future. During 2019, we provided funds to STG aggregating approximately $297,000 and recorded a corresponding reduction to H&W Intermediate's equity for this same amount. The aggregate receivable from H&W intermediate at December 31, 2019 was approximately $31.7 million, which was repaid in February 2020. During 2020, we provided additional net funds to STG of $1.5 million, which is recorded as a reduction to member's equity at December 31, 2020.

Brokerage Agreements

In 2018, our wholly owned subsidiaries Club Pilates Franchise, LLC, CycleBar Franchising LLC, AKT Franchise LLC, Row House Franchise, LLC, Stretch Lab Franchise, LLC, Yoga Six Franchise, LLC and PB Franchising, LLC, entered into brokerage agreements with CP EBD LLC, EBD AKT LLC, EBD RH LLC, EBD SL LLC, EBD YS, LLC and EBD PB, LLC (collectively, the "EBD Entities"), which were wholly owned subsidiaries of STG. During the years ended December 31, 2018 and December 31, 2019, we recorded $8.3 million and $10.7 million of deferred commission costs paid to the EBD Entities, respectively, which is recognized over the initial ten-year franchise agreement term. Pursuant to the brokerage agreements, we paid commission to the EBD entities for each license of an AKT, Row House, Stretch Lab or Yoga Six studio sold to a franchisee, and we paid a commission for each license of a Club Pilates or CycleBar studio sold to a franchisee who was not already in the system before entry in to previous brokerage agreements.

In addition, pursuant to the brokerage agreements, we paid MVI II, which owned 5% or more of the equity interests of H&W Franchise Holdings at the time of the transactions, a commission of $3,000 for each license of an AKT, Row House or Yoga Six studio sold to a franchisee. We paid MVI approximately $1 million and $150,000 during the years ended December 31, 2018 and December 31, 2019 respectively.

Effective October 1, 2019, we no longer have brokerage contracts with the EBD Entities and instead employ a direct salesforce.

Credit Facility

On September 29, 2017, H&W Intermediate entered into the Prior Credit Agreement with Monroe Capital Management Advisors, LLC as administrative agent and the lenders party thereto and the rights and obligations under the Prior Credit Agreement were immediately assigned to us and STG. The Prior Credit Agreement provided for a $55 million term loan (the "Term Loan") and a $3 million revolving credit line (the "Revolving Credit Line"). Our and STG's obligations under the Prior Credit Agreement were guaranteed by H&W Franchise Holdings, H&W Intermediate, STG, us and our subsidiaries, and were secured by substantially all of our assets and all of the assets of H&W Intermediate, H&W Franchise Holdings, STG and our subsidiaries, subject to certain exceptions. The Prior Credit Agreement was amended on July 31, 2018, to increase the Term Loan to $71 million and the Revolving Credit Line to $5 million. We further amended the Prior Credit Agreement on October 25, 2018, to increase the Term Loan to $135 million and the Revolving Credit Line to $10 million and to extend the maturity to October 25, 2023. During 2018, we began servicing the STG portion of the debt, which was approximately $13 million, and determined STG did not have the ability to repay its portion of the loan. Therefore, the total outstanding debt is recognized on our consolidated financial statements at December 31, 2018. We amended the Prior Credit Agreement in December 2019 and in February 2020. As of March 1, 2020, all borrowings under the Prior Credit Agreement and all amendments thereto were fully repaid. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facility" for more information about the Prior Credit Agreement.

Indemnification

Our amended and restated certificate of incorporation that will be in effect upon the completion of this offering will contain provisions limiting the liability of directors, and our amended and restated bylaws that will be in effect upon the completion of this offering will provide that we will indemnify each of our directors, officers, employees and other agents to the fullest extent permitted under Delaware law. In addition, in connection with this offering, we will enter into an indemnification agreement with each of our directors and executive officers, which will require us to indemnify them. For more information regarding these agreements, see "Description of Capital Stock—Directors' Liability; Indemnification of Directors and Officers."

Related Person Transactions Policy

Upon the completion of this offering, we will adopt a written Related Person Transaction Policy, which will set forth our policy with respect to the review, approval, ratification and disclosure of all related person transactions by our audit committee. In accordance with its terms, our audit committee will have overall responsibility for the implementation of, and for compliance with the Related Person Transaction Policy.

For purposes of the Related Person Transaction Policy, a "related person transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we were, are or will be a participant and the amount involved exceeded, exceeds or will exceed $120,000 and in which any related person (as defined in the Related Person Transaction Policy) had, has or will have a direct or indirect material interest. A "related person transaction" does not include any employment relationship or transaction involving an executive officer and any related compensation resulting solely from that employment relationship that has been reviewed and approved by our board of directors.

The Related Person Transaction Policy will require that notice of a proposed related person transaction be provided to our legal department prior to entry into such transaction. If our legal department determines that such transaction is a related person transaction, the proposed transaction will be submitted to our audit committee for consideration at its next meeting. Under the Related Person Transaction Policy, our audit committee may approve only those related person transactions that are in, or not inconsistent with, our best interests. In the event that we become aware of a related person transaction that has not been previously reviewed, approved or ratified under the Related Person Transaction Policy and that is ongoing or is completed, the transaction will be submitted to our audit committee so that it may determine whether to ratify, rescind or terminate the related person transaction.

The Related Person Transaction Policy will also provide that our audit committee review certain previously approved or ratified related person transactions that are ongoing to determine whether the related person transaction remains in our best interests and the best interests of our stockholders. Additionally, we will make periodic inquiries of our directors and executive officers with respect to any potential related person transaction of which they may be a party or of which they may be aware.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding the beneficial ownership of our common stock as of , 2021 (i) as adjusted to give effect to the Reorganization Transactions, but prior to this offering, and (ii) as adjusted to give effect to the Reorganization Transactions, this offering and the purchase of LLC Units from certain Continuing Pre-IPO LLC Members as described in "Use of Proceeds" by:

- each person or group whom we know to own beneficially more than 5% of our common stock;
- each of our directors and Named Executive Officers individually; and
- all directors and executive officers as a group.

The numbers of shares of common stock beneficially owned, percentages of beneficial ownership and percentages of combined voting power before this offering that are set forth below are based on the number of shares of Class A common stock and Class B common stock to be issued and outstanding prior to this offering after giving effect to the Reorganization Transactions. See "Organizational Structure." The numbers of shares of common stock beneficially owned, percentages of beneficial ownership and percentages of combined voting power after this offering that are set forth below are based on the number of shares of Class A common stock and Class B common stock to be issued and outstanding immediately after this offering.

In connection with this offering, we will issue to each ContinuingPre-IPO LLC Member one share of Class B common stock for each LLC Unit such Continuing Pre-IPO LLC Member beneficially owns immediately prior to the completion of this offering. Shares of Class B common stock will be cancelled on a one-for-one basis if we, following a redemption request from a Continuing Pre-IPO LLC Member, redeem or exchange LLC Units of such ContinuingPre-IPO LLC Member pursuant to the terms of the Amended LLC Agreement. See "Certain Relationships and Related Party Transactions—Amended LLC Agreement." As a result, the number of shares of Class B common stock set forth in the table below correlates to the number of LLC Units each Pre-IPO LLC Member will beneficially own immediately after this offering. The number of shares of Class A common stock set forth in the table below represents the shares of Class A common stock that will be issued in connection with this offering.

In accordance with the rules of the SEC, beneficial ownership includes voting or investment power with respect to securities and includes the shares issuable pursuant to stock options that are exercisable within 60 days of , 2021. The number of shares of Class A common stock outstanding after this offering includes shares of Class A common stock being offered for sale by us in this offering. Unless otherwise indicated, the address for each listed stockholder is: c/o Xponential Fitness, Inc., 17877 Von Karman Ave, Suite 100, Irvine, CA 92614. To our knowledge, except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock.

The following table assumes the underwriters do not exercise their option to purchase additional shares of Class A common stock.

	Class A Common Stock Owned(1)				Class B Common Stock Owned(2)				Combined Voting Power(3)			
	Before This Offering		After This Offering		Before This Offering		After This Offering		Before This Offering		After This Offering	
Name of Beneficial Owner	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Directors and executive officers:												
Anthony Geisler(4)												
Mark Grabowski(5)												
Ryan Junk(6)												
Sarah Luna												
Marc Magliacano(7)												
Brenda Morris(8)												
John Meloun(9)												
Megan Moen(10)												
Other 5% or greater beneficial owners:												
H&W Investco, L.P.(11)												
LAG Fit, Inc.(12)												
LCAT Franchise Fitness Holdings, Inc.(13)												
Rumble Holdings LLC(14)												
All directors and executive officers as a group (seven persons)												

* Less than 1%

The following table assumes the underwriters' option to purchase additional shares of Class A common stock is exercised in full.

	Class A Common Stock Owned(1)				Class B Common Stock Owned(2)				Combined Voting Power(3)			
	Before This Offering		After This Offering		Before This Offering		After This Offering		Before This Offering		After This Offering	
Name of Beneficial Owner	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Directors and executive officers:												
Anthony Geisler(4)												
Mark Grabowski(5)												
Ryan Junk(6)												
Sarah Luna(7)												
Marc Magliacano(8)												
Brenda Morris(9)												
John Meloun(10)												
Megan Moen(11)												
Other 5% or greater beneficial owners:												
H&W Investco, L.P.(12)												
LAG Fit, Inc.(13)												
LCAT Franchise Fitness Holdings, Inc(14)												
Rumble Holdings LLC(15)												
All directors and executive officers as a group (seven persons)												

* Less than 1%

(1) On a fully exchanged and converted basis. Subject to the terms of the Amended LLC Agreement, LLC Units are redeemable or exchangeable for shares of our Class A common stock on a one-for-one basis. Shares of Class B common stock will be cancelled on aone-for-one basis if we redeem or exchange LLC Units pursuant to the terms of the Amended LLC Agreement. Beneficial ownership of shares of our Class A common stock reflected in this table does not include beneficial ownership of shares of our Class A common stock for which such LLC Units may be redeemed or exchanged.

(2) On a fully exchanged and converted basis. The Continuing Pre-IPO LLC Members hold all of the issued and outstanding shares of our Class B common stock.

(3) Represents the percentage of voting power of our Class A common stock and Class B common stock held by such person voting together as a single class. Each holder of Class A common stock and Class B common stock is entitled to one vote per share on all matters submitted to our stockholders for a vote. See "Description of Capital Stock—Common Stock."

(4) Consists of shares of Class B common stock held directly by Mr. Geisler and shares of Class A common stock held by LAG Fit, Inc. Mr. Geisler has reported sole investment and dispositive power over the shares held by LAG Fit, Inc. The address for LAG Fit, Inc. is 6789 Quail Hill Parkway #408, Irvine, CA 92603.

(5) Consists of shares of Class B common stock held by H&W Investco, L.P., of which Mr. Grabowski is the Managing Partner. Mr. Grabowski has reported sole investment and dispositive power over these shares. The address for H&W Investco, L.P. is 1 Lincoln Plaza, 33D, New York, NY 10023.

(6) Consists of shares of Class B common stock held directly by Mr. Junk.

(7) Consists of shares of Class B common stock held directly by Ms. Luna.

(8) Consists of shares of Class A common stock held by equity holders of LCAT Franchise Fitness Holdings, Inc. Mr. Magliacano reported sole investment and dispositive power over these shares. The address for LCAT Franchise Fitness Holdings, Inc. is 599 West Putnam Avenue, Greenwich, CT 06830.

(9) Consists of shares of Class B common stock held directly by Ms. Morris.

(10) Consists of shares of Class B common stock held directly by Mr. Meloun.

(11) Consists of shares of Class B common stock held directly by Ms. Moen.

(12) Consists of shares of Class B common stock held by H&W Investco, L.P., of which Mr. Grabowski is the Managing Partner. Mr. Grabowski has reported sole investment and dispositive power over these shares. The address for H&W Investco, L.P. is 1 Lincoln Plaza, 33D, New York, NY 10023.

(13) Consists of shares of Class A common stock held by LAG Fit, Inc. Mr. Geisler has reported sole investment and dispositive power over these shares. The address for LAG Fit, Inc. is 6789 Quail Hill Parkway #408, Irvine, CA 92603.

(14) Consists of shares of Class A common stock held by equity holders of LCAT Franchise Fitness Holdings, Inc. Mr. Magliacano reported sole investment and dispositive power over these shares. The address for LCAT Franchise Fitness Holdings, Inc. is 599 West Putnam Avenue, Greenwich, CT 06830.

(15) Consists of shares of Class A common stock held by Rumble Holdings LLC. The address for Rumble Holdings LLC is 146 West 23rd Street, New York, NY 10011.

DESCRIPTION OF CAPITAL STOCK

In connection with this offering, we will amend and restate our certificate of incorporation and our bylaws. The following is a description of the material terms of, and is qualified in its entirety by, our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect upon the completion of this offering, the forms of which are filed as exhibits to the registration statement of which this prospectus forms a part. Under "Description of Capital Stock," "we," "us," "our" and "our company" refer to Xponential Fitness, Inc.

Upon the completion of this offering, our authorized capital stock will consist of shares of Class A common stock, par value $0.0001 per share, shares of Class B common stock, par value $0.0001 per share, and shares of preferred stock, par value $0.0001 per share. Unless our board of directors determines otherwise, we will issue all shares of our capital stock in uncertificated form.

Common Stock

Class A Common Stock

Holders of shares of our Class A common stock are entitled to one vote for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors. The holders of our Class A common stock do not have cumulative voting rights in the election of directors.

Holders of shares of our Class A common stock are entitled to receive dividends when and if declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Upon our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of our Class A common stock will be entitled to receive pro rata our remaining assets available for distribution.

All shares of our Class A common stock that will be outstanding at the completion of this offering will be fully paid and non-assessable. Our Class A common stock will not be subject to further calls or assessments by us. The rights, powers and privileges of our Class A common stock will be subject to those of the holders of any shares of our preferred stock or any other series or class of stock we may authorize and issue in the future.

Class B Common Stock

Holders of shares of our Class B common stock are entitled to one vote for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors. The holders of our Class B common stock do not have cumulative voting rights in the election of directors.

Except for transfers to us pursuant to the Amended LLC Agreement or to certain permitted transferees, the holders of LLC Units are not permitted to sell, transfer or otherwise dispose of any LLC Units or shares of Class B common stock. Holders of shares of our Class B common stock will vote together with holders of our Class A common stock as a single class on all matters on which stockholders are entitled to vote generally, except as otherwise required by law.

Holders of our Class B common stock do not have any right to receive dividends or to receive a distribution upon a liquidation or winding up of our company.

Preferred Stock

No shares of preferred stock will be issued or outstanding immediately after the completion of this offering. Our amended and restated certificate of incorporation will authorize our board of directors to establish one or more series of preferred stock (including convertible preferred stock). Unless required by law or any stock exchange, the authorized shares of preferred stock will be available for issuance without further action by holders of our common stock. Our board of directors is able to determine, with respect to any series of preferred stock, the powers (including voting powers), preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, including, without limitation:

- the designation of the series;
- the number of shares of the series, which our board of directors may, except where otherwise provided in the preferred stock designation, increase (but not above the total number of authorized share of the class) or decrease (but not below the number of shares then outstanding);
- whether dividends, if any, will be cumulative or non-cumulative and the dividend rate of the series;
- the dates at which dividends, if any, will be payable;
- the redemption rights and price or prices, if any, for shares of the series;
- the terms and amounts of any sinking fund provided for the purchase or redemption of shares of the series;
- the amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution orwinding-up of the affairs of our company;
- whether the shares of the series will be convertible into shares of any other class or series, or any other security, of our company or any other entity, and, if so, the specification of the other class or series or other security, the conversion price or prices or rate or rates, any rate adjustments, the date or dates as of which the shares will be convertible and all other terms and conditions upon which the conversion may be made;
- restrictions on the issuance of shares of the same series or of any other class or series; and
- the voting rights, if any, of the holders of the series.

We could issue a series of preferred stock that could, depending on the terms of the series, impede or discourage an acquisition attempt or other transaction that some, or a majority, of the holders of our common stock might believe to be in their best interests or in which the holders of our common stock might receive a premium over the market price of the shares of common stock. Additionally, the issuance of preferred stock may adversely affect the holders of our common stock by restricting dividends on the common stock, diluting the voting power of the common stock or subordinating the liquidation rights of the common stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of our common stock. Authorized but unissued capital stock

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of , which would apply so long as the shares of Class A common stock remain listed on , require stockholder approval of certain issuances equal to or exceeding 20% of the then outstanding voting power or the then outstanding number of shares of Class A common stock (we believe the position of is that the calculation in this latter case treats as outstanding shares of Class A common

stock issuable upon redemption or exchange of outstanding LLC Units not held by us). These additional shares of Class A common stock may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our board of directors to issue shares to persons friendly to current management, which could render more difficult or discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive the stockholders of opportunities to sell their shares at prices higher than prevailing market prices.

Dividends

The DGCL permits a corporation to declare and pay dividends out of "surplus" or, if there is no "surplus," out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. "Surplus" is defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by its board of directors. The capital of the corporation is typically calculated to be (and cannot be less than) the aggregate par value of all issued shares of capital stock. Net assets equal the fair value of the total assets minus total liabilities. The DGCL also provides that dividends may not be paid out of net profits if, after the payment of the dividend, remaining capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets. Declaration and payment of any dividend will be subject to the discretion of our board of directors.

Stockholder Meetings

Our amended and restated certificate of incorporation and our amended and restated bylaws will provide that annual stockholder meetings be held at a date, time and place, if any, as exclusively selected by our board of directors. Our amended and restated bylaws will provide that special stockholder meetings may be called only by or at the direction of our board of directors, the Chairman of our board of directors or Chief Executive officer. To the extent permitted under applicable law, we may conduct meetings by remote communications, including by webcast.

Transferability, Redemption and Exchange

Under the Amended LLC Agreement, the holders of LLC Units (other than us) will have the right, from and after the completion of this offering (subject to the terms of the Amended LLC Agreement), to require Xponential Holdings LLC to redeem all or a portion of their LLC Units for, at our election, newly issued shares of Class A common stock on a one-for-one basis or a cash payment equal to the volume-weighted average market price of one share of our Class A common stock for each LLC Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the Amended LLC Agreement. Additionally, in the event of a redemption request from a holder of LLC Units, we may, at our option, effect a direct exchange of cash or Class A common stock for LLC Units in lieu of such a redemption. Shares of Class B common stock will be cancelled on a one-for-one basis if we, following a redemption request from a holder of LLC Units, redeem or exchange LLC Units of such holder pursuant to the terms of the Amended LLC Agreement. See "Certain Relationships and Related Party Transactions—Amended LLC Agreement."

Except for transfers to us pursuant to the Amended LLC Agreement or to certain permitted transferees, the holders of LLC Units are not permitted to sell, transfer or otherwise dispose of any LLC Units or shares of Class B common stock.

Other Provisions

Neither our Class A common stock nor our Class B common stock has any preemptive or other subscription rights.

At such time when no LLC Units remain redeemable or exchangeable for shares of our Class A common stock, our Class B common stock will be cancelled.

Corporate Opportunity

Our amended and restated certificate of incorporation will provide that, to the fullest extent permitted by law, the doctrine of "corporate opportunity" will only apply against our directors and officers and their respective affiliates for competing activities related to franchising fitness brands.

Certain Certificate of Incorporation, Bylaws and Statutory Provisions

The provisions of our certificate of incorporation and bylaws and of the DGCL summarized below may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that you might consider in your best interest, including an attempt that might result in your receipt of a premium over the market price for your shares of Class A common stock.

Anti-Takeover Effects of our Certificate of Incorporation and Bylaws

Our amended and restated certificate of incorporation and amended and restated bylaws will contain certain provisions that are intended to enhance the likelihood of continuity and stability in the composition of our board of directors and that may have the effect of delaying, deferring or preventing a future takeover or change in control of our company unless such takeover or change in control is approved by our board of directors. These provisions include:

Election of directors; no cumulative voting. Our board of directors will consist of between three and seven directors. The exact number of directors will be fixed from time to time by resolution of our board of directors. Under Delaware law, the right to vote cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. Our amended and restated certificate of incorporation will not authorize cumulative voting.

Removal of directors; vacancies. Our amended and restated certificate of incorporation will provide that directors may only be removed for cause, and only by the affirmative vote of holders of at least two-thirds in voting power of all outstanding shares of common stock of our company entitled to vote thereon, voting together as a single class. Any vacancy occurring on our board of directors and any newly created directorship may be filled only by a majority of the remaining directors in office.

Staggered board. In connection with this offering, our board of directors will be will be divided into three classes serving staggered three-year terms. Class I, Class II and Class III directors will serve until our annual meetings of stockholders in 2021, 2022 and 2023 respectively. At each annual meeting of stockholders, directors will be elected to succeed the class of directors whose terms have expired. This classification of our board of directors could have the effect of increasing the length of time necessary to change the composition of a majority of our board of directors. In general, at least two annual meetings of stockholders will be necessary for stockholders to effect a change in a majority of the members of our board of directors.

Limits on written consents. Our amended and restated certificate of incorporation and our amended and restated bylaws provide that holders of our common stock will not be able to act by written consent without a meeting, unless such consent is unanimous.

Special stockholder meetings. Our amended and restated certificate of incorporation and our amended and restated bylaws will provide that special meetings of our stockholders may be called only by the Chairman of our board of directors or a majority of our directors. Our amended and restated certificate of incorporation and our amended and restated bylaws will specifically deny any power of any other person to call a special meeting.

Amendment of certificate of incorporation. The provisions of our amended and restated certificate of incorporation described under "—Election of directors; no cumulative voting," "—Removal of directors; vacancies," "—Staggered board," "—Limits on written consents," "—Special stockholder meetings" and the voting thresholds described in this section may be amended, altered, repealed or rescinded only by the affirmative vote of the holders of at least two-thirds in voting power of all outstanding shares of stock of our company entitled to vote thereon, voting together as a single class. The affirmative vote of holders of at least a majority of the voting power of our outstanding shares of stock will generally be required to amend other provisions of our amended and restated certificate of incorporation.

Amendment of bylaws. Any amendment, alteration, rescission or repeal of certain provisions of our amended and restated bylaws will require either (i) the affirmative vote of a majority of directors present at any regular or special meeting of the board of directors called for that purpose, provided that any alteration, amendment or repeal of, or adoption of any bylaw inconsistent with, specified provisions of the bylaws, including those related to special and annual meetings of stockholders, action of stockholders by written consent, classification of our board of directors, nomination of directors, special meetings of directors, removal of directors, committees of our board of directors and indemnification of directors and officers, requires the affirmative vote of at least two-thirds of all directors in office at a meeting called for that purpose; or (ii) the affirmative vote of the holders of two-thirds of the voting power of our outstanding shares of voting stock, voting together as a single class.

Authorized but unissued shares. The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by the listing rules of . The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise. See "—Preferred Stock" and "—Anti-Takeover Effects of our Certificate of Incorporation and Bylaws—Authorized but unissued shares" above.

Business combinations with interested stockholders. In general, Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15% or more of the corporation's voting stock for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. We have expressly elected not to be governed by the "business combination" provisions of Section 203 of the DGCL.

Exclusive forum. Our amended and restated certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by applicable law, (i) the Court of Chancery of the State of Delaware will be the sole and exclusive forum for certain types of actions or proceedings under Delaware statutory or common law and (ii) the federal district courts of the United States will be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the federal securities laws of the United States. However, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act, and investors cannot waive compliance with the federal securities laws of the United States and the rules and regulations thereunder. These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. See "Risk Factors—Risks Related to Our Class A Common Stock and this Offering - Our amended and restated certificate of incorporation that will be in effect upon the completion of this offering will designate the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States as the sole and exclusive forums for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents."

Directors' Liability; Indemnification of Directors and Officers

Our amended and restated certificate of incorporation will limit the liability of our directors to the fullest extent permitted by the DCGL and provides that we will provide them with customary indemnification. We expect to enter into customary indemnification agreements with each of our executive officers and directors that provide them, in general, with customary indemnification in connection with their service to us or on our behalf.

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock will be .

Securities Exchange

We have applied to have our Class A common stock approved for listing on under the symbol "XPOF."

U.S. FEDERAL INCOME AND ESTATE TAX CONSIDERATIONS TONON-U.S. HOLDERS

The following is a general discussion of the material U.S. federal income and estate tax consequences of the purchase, ownership and disposition of our Class A common stock by a "non-U.S. holder." A "non-U.S. holder" is a beneficial owner of a share of our Class A common stock that is, for U.S. federal income tax purposes:

- a non-resident alien individual, other than a former citizen or resident of the U.S. subject to U.S. tax as an expatriate,
- a foreign corporation, or
- a foreign estate or trust.

If a partnership or other pass-through entity (including an entity or arrangement treated as a partnership or other type of pass-through entity for U.S. federal income tax purposes) owns our Class A common stock, the tax treatment of a partner or beneficial owner of the entity may depend upon the status of the partner or beneficial owner, the activities of the entity and certain determinations made at the partner or beneficial owner level. Partners and beneficial owners in partnerships or other pass-through entities that own our Class A common stock should consult their own tax advisors as to the particular U.S. federal income and estate tax consequences applicable to them.

This discussion is based on the Code and administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, changes to any of which subsequent to the date of this prospectus may affect the tax consequences described herein (possibly with retroactive effect). This discussion does not address all aspects of U.S. federal income and estate taxation that may be relevant to non-U.S. holders in light of their particular circumstances and does not address any U.S. federal gift, alternative minimum tax or Medicare contribution tax considerations or any tax consequences arising under the laws of any state, local or foreign jurisdiction. Prospective holders are urged to consult their tax advisors with respect to the particular tax consequences to them of owning and disposing of our Class A common stock, including the consequences under the laws of any state, local or foreign jurisdiction.

Dividends

To the extent that we make a distribution of cash or other property (other than certain pro rata distributions of our stock) in respect of our Class A common stock, the distribution generally will be treated as a dividend for U.S. federal income tax purposes to the extent it is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Any portion of a distribution that exceeds our current and accumulated earnings and profits generally will be treated first as a tax-free return of capital that reduces the adjusted tax basis of a non-U.S. holder's Class A common stock, and to the extent the amount of the distribution exceeds a non-U.S. holder's adjusted tax basis in our Class A common stock, the excess will be treated as gain from the disposition of our Class A common stock (the tax treatment of which is discussed below under "—Gain on Disposition of our Class A Common Stock").

Dividends paid to a non-U.S. holder generally will be subject to U.S. federal withholding tax at a 30% rate, or a reduced rate specified by an applicable income tax treaty, subject to the discussion of FATCA (as defined below) withholding taxes below. In order to obtain a reduced rate of withholding under an applicable income tax treaty, a non-U.S. holder generally will be required to provide a properly executed IRS FormW-8BEN or IRS Form W-8BEN-E, as applicable, certifying its entitlement to benefits under the treaty.

Dividends paid to a non-U.S. holder that are effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable

to a permanent establishment or fixed base maintained by the non-U.S. holder in the United States) will not be subject to U.S. federal withholding tax if the non-U.S. holder provides a properly executed IRS Form W-8ECI. Instead, the effectively connected dividend income will generally be subject to regular U.S. income tax as if the non-U.S. holder were a U.S. person as defined under the Code. A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes receiving effectively connected dividend income may also be subject to an additional "branch profits tax" imposed at a rate of 30% (or a lower treaty rate) on its effectively connected earnings and profits (subject to certain adjustments).

A non-U.S. holder eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Gain on Disposition of our Class A Common Stock

Subject to the discussions of backup withholding and FATCA withholding tax below, a non-U.S. holder generally will not be subject to U.S. federal income tax on gain realized on a sale or other disposition of our Class A common stock unless:

- the gain is effectively connected with the conduct of a trade or business by the non-U.S. holder in the United States (and, if required by an applicable tax treaty, the gain is attributable to a permanent establishment or fixed base maintained by the non-U.S. holder in the United States), in which case the gain will be subject to U.S. federal income tax generally in the same manner as effectively connected dividend income as described above;

- the non-U.S. holder is an individual present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met, in which case the gain (net of certain U.S.-source losses) generally will be subject to U.S. federal income tax at a rate of 30% (or a lower treaty rate); or

- we are or have been a "U.S. real property holding corporation" (as described below) at any time within the five-year period preceding the disposition or the non-U.S. holder's holding period, whichever period is shorter, and either (i) our Class A common stock is not regularly traded on an established securities market prior to the beginning of the calendar year in which the sale or disposition occurs or (ii) the non-U.S. holder has owned or is deemed to have owned, at any time within the five-year period preceding the disposition or the non-U.S. holder's holding period, whichever period is shorter, more than 5% of our Class A common stock.

We will be a U.S. real property holding corporation at any time that the fair market value of our "U.S. real property interests" (as defined in the Code and applicable Treasury regulations), equals or exceeds 50% of the aggregate fair market value of our worldwide real property interests and our other assets used or held for use in a trade or business (all as determined for the U.S. federal income tax purposes). We believe that we are not, and do not anticipate becoming in the foreseeable future, a U.S. real property holding corporation.

Information Reporting and Backup Withholding

Distributions paid to a non-U.S. holder and the amount of any tax withheld with respect to such distributions generally will be reported to the IRS. Copies of the information returns reporting such distributions and any withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

A non-U.S. holder will not be subject to backup withholding on dividends received if such holder certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a U.S. person), or such holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale or other disposition of our Class A common stock made within the United States or conducted through certain U.S.-related financial intermediaries, unless the non-U.S. holder complies with certification procedures to establish that it is not a U.S. person in order to avoid information reporting and backup withholding. The certification procedures required to claim a reduced rate of withholding under a treaty will generally satisfy the certification requirements necessary to avoid backup withholding as well.

Backup withholding is not an additional tax and the amount of any backup withholding from a payment to a non-U.S. holder will be allowed as a credit against the non-U.S. holder's U.S. federal income tax liability and may entitle the non-U.S. holder to a refund, provided that the required information is furnished to the IRS in a timely manner.

FATCA Withholding Tax

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as FATCA), payments of dividends on and the gross proceeds of dispositions of our Class A common stock paid to (i) a "foreign financial institution" (as specifically defined in the Code) or (ii) a "non-financial foreign entity" (as specifically defined in the Code) will be subject to a withholding tax (separate and apart from, but without duplication of, the withholding tax described above) at a rate of 30%, unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) have been satisfied or an exemption from these rules applies. Under proposed U.S. Treasury regulations promulgated by the Treasury Department on December 13, 2018, which state that taxpayers may rely on the proposed Treasury regulations until final Treasury regulations are issued, this withholding tax will not apply to the gross proceeds from the sale or disposition of our Class A common stock. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. If a dividend payment is both subject to withholding under FATCA and subject to the withholding tax discussed above under "—Dividends," the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. Non-U.S. holders should consult their tax advisors regarding the possible implications of this withholding tax on their investment in our Class A common stock.

Federal Estate Tax

Individual non-U.S. holders (as specifically defined for U.S. federal estate tax purposes) and entities the property of which is potentially includible in such an individual's gross estate for U.S. federal estate tax purposes (for example, a trust funded by such an individual and with respect to which the individual has retained certain interests or powers) should note that our Class A common stock will be treated as U.S. situs property subject to U.S. federal estate tax, unless an applicable estate tax treaty provides otherwise.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock. We cannot make any prediction as to the effect, if any, that sales of Class A common stock or the availability of Class A common stock for future sales will have on the market price of our Class A common stock. The market price of our Class A common stock could decline because of the sale of a large number of shares of our Class A common stock or the perception that such sales could occur in the future. These factors could also make it more difficult to raise funds through future offerings of Class A common stock. See "Risk Factors—Risks Relating to Ownership of Our Class A Common Stock—If a substantial number of shares become available for sale and are sold in a short period of time, the market price of our Class A common stock could decline."

Sale of Restricted Shares

Upon the completion of this offering, we will have shares of Class A common stock (or shares if the underwriters exercise their option to purchase additional shares of Class A common stock in full) outstanding. Of these shares, the shares sold in this offering (or shares if the underwriters exercise their option to purchase additional shares of Class A common stock in full) will be freely tradable, without further restriction or registration under the Securities Act, except any shares held by our "affiliates," as that term is defined in Rule 144 under the Securities Act ("Rule 144"). In the absence of registration under the Securities Act, shares held by affiliates may only be sold in compliance with the limitations of Rule 144 described below or another exemption from the registration requirements of the Securities Act. As defined in Rule 144, an affiliate of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the issuer. Upon the completion of this offering, approximately of our outstanding shares of Class A common stock will be deemed "restricted securities," as that term is defined under Rule 144, and would also be subject to the "lock-up" period noted below.

In addition, upon the completion of this offering, ContinuingPre-IPO LLC Members will own an aggregate of LLC Units and all of the shares of our Class B common stock. Continuing Pre-IPO LLC Members, from time to time following the completion of this offering, may require Xponential Holdings LLC to redeem or exchange all or a portion of their LLC Units for newly issued shares of Class A common stock on a one-for-one basis. Shares of our Class B common stock will be cancelled on a one-for-one basis if we, following a redemption request from a ContinuingPre-IPO LLC Member, redeem or exchange LLC Units of such ContinuingPre-IPO LLC Member pursuant to the terms of the Amended LLC Agreement. Shares of our Class A common stock issuable to the Continuing Pre-IPO LLC Member upon a redemption or exchange of LLC Units would be considered "restricted securities," as that term is defined under Rule 144 and would also be subject to the "lock-up" period noted below.

Restricted securities may be sold in the public market only if they qualify for an exemption from registration under Rule 144, which is summarized below, or any other applicable exemption under the Securities Act, or pursuant to a registration statement that is effective under the Securities Act. Immediately following the completion of this offering, the holders of approximately shares of our Class A common stock and shares of our Class B common stock (on an assumed as-exchanged basis) will be entitled to dispose of their shares following the expiration of an initial 180-day underwriter "lock-up" period pursuant to the holding period, volume and other restrictions of Rule 144. BofA Securities, Inc. and Goldman Sachs & Co. LLC are entitled to waive these lock-up provisions at their discretion prior to the expiration dates of such lock-up agreements.

Rule 144

In general, a person who has beneficially owned restricted shares of our common stock for at least six months would be entitled to sell such securities, provided that (i) such person is not deemed to have been one of

our affiliates at the time of, or at any time during the 90 days preceding the sale and (ii) we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Persons who have beneficially owned restricted shares of our common stock for at least six months but who are our affiliates at the time of, or any time during the 90 days preceding the sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of the following:

- % of the number of shares of our Class A common stock then outstanding, which will equal approximately shares immediately after this offering (or approximately shares if the underwriters exercise their option to purchase additional shares of Class A common stock in full); or
- the average weekly trading volume of our common stock on during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale;

provided, in each case, that we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Such sales both by affiliates and by non-affiliates must also comply with the manner of sale and notice provisions of Rule 144 to the extent applicable.

Lock-Up Agreements

Our executive officers, directors and other security holders have agreed that, for a period of 180 days from the date of this prospectus, they will not, without the prior written consent of BofA Securities, Inc. and Goldman Sachs & Co. LLC, dispose of or hedge any shares of our common stock or any securities convertible into or exchangeable for our common stock (including LLC Units) subject to certain exceptions (including dispositions in connection with the Reorganization Transactions).

We have agreed, subject to certain exceptions, not to issue, sell or otherwise dispose of any shares of our Class A common stock or any securities convertible into or exchangeable for our Class A common stock (including LLC Units) during the 180-day period following the date of this prospectus.

Registration Rights

Our Registration Rights Agreement grants registration rights to the Continuing Pre-IPO LLC Members. See “Certain Relationships and Related Party Transactions—Registration Rights Agreement.”

UNDERWRITING

BofA Securities, Inc., Goldman Sachs & Co. LLC and Jefferies LLC are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us the number of shares of Class A common stock set forth opposite its name below.

Underwriter	Number of Shares
BofA Securities, Inc.	
Goldman Sachs & Co. LLC	
Jefferies LLC	
Total	

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. After the initial offering, the public offering price, concession or any other term of this offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to us	$	$	$

Our offering expenses, not including the underwriting discount, are estimated at $. We have agreed to reimburse the underwriters for certain of their expenses, in an amount of up to $. In addition, the underwriters have agreed to reimburse us for certain documented expenses incurred in connection with this offering.

Option to Purchase Additional Shares

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to additional shares of our Class A common stock at the public offering price, less the underwriting discount. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

No Sales of Similar Securities

We, and our executive officers, directors and other security holders have agreed not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock, for 180 days after the date of this prospectus without first obtaining the written consent of BofA Securities, Inc. and Goldman Sachs & Co. LLC. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly

- offer, pledge, sell or contract to sell any common stock,
- sell any option or contract to purchase any common stock,
- purchase any option or contract to sell any common stock,
- grant any option, right or warrant for the sale of any common stock,
- lend or otherwise dispose of or transfer any common stock,
- request or demand that we file or make a confidential submission of a registration statement related to the common stock, or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

Listing

We expect to apply to list the shares of our Class A common stock on the under the symbol "XPOF."

Before this offering, there has been no public market for our Class A common stock. The initial public offering price will be determined through negotiations between us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us,
- our financial information,
- the history of, and the prospects for, our company and the industry in which we compete,

- an assessment of our management, its past and present operations and the prospects for, and timing of, our future revenues,
- the present state of our development, and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our Class A common stock. However, the representatives may engage in transactions that stabilize the price of our Class A common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with this offering, the underwriters may purchase and sell our Class A common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in this offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares described above. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option granted to them. "Naked" short sales are sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our Class A common stock in the open market after pricing that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of various bids for or purchases of shares of Class A common stock made by the underwriters in the open market prior to the completion of this offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our Class A common stock or preventing or retarding a decline in the market price of our Class A common stock. As a result, the price of our Class A common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the , in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our Class A common stock. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Distribution

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area (each, a "Relevant State"), no shares have been offered or will be offered pursuant to the public in that Relevant State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation), except that offers of shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in a Relevant State who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with us and the representatives that it is a qualified investor within the meaning of the Prospectus Regulation.

In the case of any shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Relevant State to qualified investors, in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

The above selling restriction is in addition to any other selling restrictions set out below.

Notice to Prospective Investors in the United Kingdom

No shares have been offered or will be offered pursuant to the public in the United Kingdom prior to the publication of a prospectus in relation to the shares which has been approved by the FCA, except that offers of shares may be made to the public in the United Kingdom at any time under the following exemptions under the U.K. Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the U.K. Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the U.K. Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Section 86 of the Financial Services Markets Act 2000 (as amended, the "FSMA");

provided that no such offer of shares shall require us or any representative to publish a prospectus pursuant to 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the U.K. Prospectus Regulation.

Each person in the United Kingdom who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with us and the representatives that it is a qualified investor within the meaning of Article 2 of the U.K. Prospectus Regulation.

In the case of any shares being offered to a financial intermediary as that term is used in Article 1(4) of the U.K. Prospectus Regulation, each financial intermediary will also be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public, other than their offer or resale in the United Kingdom to qualified investors as so defined or in circumstances in which the prior consent of the of the representatives has been obtained to each such proposed offer or resale.

For the purposes of this provision: the expression an "offer to the public" in relation to any shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares; and the expression "U.K. Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this prospectus nor any other offering or marketing material relating to the shares or this offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this prospectus nor any other offering or marketing material relating to this offering, our company or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this prospectus will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission in relation to this offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the "Corporations Act"), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the "Exempt Investors") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under this offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Notice to Prospective Investors in Hong Kong

The shares have not been offered or sold and will not be offered or sold in Hong Kong by means of any document other than: (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result

in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Japan

The shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the shares were not offered or sold or caused to be made the subject of an invitation for subscription or purchase and will not be offered or sold or caused to be made the subject of an invitation for subscription or purchase, and this prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares, has not been circulated or distributed, nor will it be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investment) (Shares and Debentures) Regulations 2005.

Notice to Prospective Investors in Canada

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment hereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (**NI 33-105**), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

LEGAL MATTERS

The validity of the issuance of the shares of Class A common stock offered hereby will be passed upon for Xponential Fitness, Inc. by Davis Polk & Wardwell LLP. Latham & Watkins LLP, New York, New York is representing the underwriters.

EXPERTS

The financial statements of Xponential Fitness, Inc. as of December 31, 2020 and for the period from January 14, 2020 (date of inception) through December 31, 2020 included in this prospectus, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein and elsewhere in the Registration Statement. Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of Xponential Fitness, LLC as of December 31, 2019 and 2020 and for each of the three years in the period ended December 31, 2020 included in this prospectus, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein and elsewhere in the Registration Statement. Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the Class A common stock offered hereby. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. For further information with respect to our company and our Class A common stock, reference is made to the registration statement and the exhibits and any schedules filed therewith. Statements contained in this prospectus as to the contents of any contract or other document referred to are not necessarily complete and in each instance, if such contract or document is filed as an exhibit, reference is made to the copy of such contract or other document filed as an exhibit to the registration statement, each statement being qualified in all respects by such reference. The SEC maintains an Internet site at www.sec.gov that contains reports, proxy and information statements we have filed electronically with the SEC.

As a result of this offering, we will be required to file periodic reports and other information with the SEC. We also maintain an Internet site at www.xponential.com. Our website and the information contained therein or connected thereto shall not be deemed to be incorporated into this prospectus or the registration statement of which it forms a part.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of
Xponential Fitness, Inc:

Opinion on the Financial Statements

We have audited the accompanying balance sheet of Xponential Fitness, Inc. (the "Company") as of December 31, 2020 and the related statements of stockholder's equity and cash flows for the period from January 14, 2020 (date of inception) through December 31, 2020 and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of its cash flows for the period from January 14, 2020 (date of inception) through December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Costa Mesa, California
April 16, 2021

We have served as the Company's auditor since 2020.

XPONENTIAL FITNESS, INC.

Balance Sheet

	December 31, 2020
Assets	
Current Assets:	
Cash and cash equivalents	$ 1,000
Total assets	$ 1,000
Commitments and contingencies	
Stockholder's Equity	
Stockholder's equity:	
Common stock, $0.0001 par value, 1,000 shares authorized, issued and outstanding	$ —
Additional paid-in capital	1,000
Total stockholder's equity	$ 1,000

See accompanying notes to financial statements.

XPONENTIAL FITNESS, INC.

Statement of Changes to Stockholder's Equity

	For the period January 14, 2020 (date of inception) through December 31, 2020
Balance at January 14, 2020	$ —
Issuance of common stock	1,000
Balance at December 31, 2020	$ 1,000

See accompanying notes to financial statements.

XPONENTIAL FITNESS, INC.

Statement of Cash Flows

	For the period January 14, 2020 (date of inception) through December 31, 2020
Cash flows from financing activities:	
Proceeds from issuance of common stock	$ 1,000
Net cash provided by financing activities	1,000
Cash and cash equivalents, beginning of period	—
Cash and cash equivalents, end of period	$ 1,000

See accompanying notes to financial statements.

XPONENTIAL FITNESS, INC.

Notes to Financial Statements

Note 1—Organization and Background

Xponential Fitness, Inc. (the "Company"), was incorporated in Delaware on January 14, 2020. Pursuant to a reorganization into a holding company structure, the Company will be a holding company with its principal asset being a controlling ownership interest in Xponential Intermediate Holdings LLC.

Basis of presentation—The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States. A statement of income has not been presented because the Company has not engaged in any business or other activities except in connection with the formation of the Company.

Note 2—Summary of Significant Accounting Policies

Income taxes—The Company is treated as a C corporation, and therefore, is subject to both federal and state income taxes. Xponential Intermediate Holdings LLC continues to be recognized as a limited liability company, a pass-through entity for income tax purposes.

Note 3—Stockholder's Equity

On January 14, 2020, the Company was authorized to issue 1,000 shares of common stock, $0.0001 par value. On January 23, 2020, the Company issued 1,000 shares for $1,000, all of which are owned by H&W Franchise Holdings LLC. Payment for the shares was received January 30, 2020.

Note 4—Subsequent Events

The Company has evaluated subsequent events through April 16, 2021, which is the date its financial statements were available to be issued.

Xponential Fitness, Inc.

Balance Sheets
(Unaudited)

	December 31, 2020	March 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 1,000	$ 569
Total assets	$ 1,000	$ 569
Commitments and contingencies		
Stockholder's Equity		
Stockholder's equity		
Common stock, $0.0001 par value, 1,000 shares authorized, issued and outstanding	$ —	$ —
Additional paid-in capital	1,000	1,000
Accumulated deficit	—	(431)
Total stockholder's equity	$ 1,000	$ 569

See accompanying notes to financial statements.

Xponential Fitness, Inc.

Statements of Operations
(Unaudited)

	For the period from January 14, 2020 (date of inception) through March 31, 2020	Three Months Ended March 31, 2021
Selling, general and administrative expenses	$ —	$ 431
Total expenses	—	431
Net loss	$ —	$ (431)

See accompanying notes to financial statements.

Xponential Fitness, Inc.

Statements of Changes to Stockholder's Equity
(Unaudited)

	Additional paid-in capital	Accumulated Deficit	Total Stockholder's Equity
Balance at January 14, 2020	$ —	$ —	$ —
Issuance of common stock	1,000	—	1,000
Balance at March 31, 2020	$ 1,000	$ —	$ 1,000

	Additional paid-in capital	Accumulated Deficit	Total Stockholder's Equity
Balance at January 1, 2021	$ 1,000	$ —	$ 1,000
Net loss	—	(431)	(431)
Balance at March 31, 2021	$ 1,000	$ (431)	$ 569

See accompanying notes to financial statements.

Xponential Fitness, Inc.

Statements of Cash Flows
(Unaudited)

	For the period from January 14, 2020 (date of inception) through March 31, 2020	Three Months Ended March 31, 2021
Cash flows from operating activities:		
Net loss	$ —	$ (431)
Net cash used in operating activities	—	(431)
Cash flows from financing activities:		
Proceeds from issuance of common stock	1,000	—
Net cash provided by financing activities	1,000	—
Increase (decrease) in cash and cash equivalents	1,000	(431)
Cash and cash equivalents, beginning of period	—	1,000
Cash and cash equivalents, end of period	$ 1,000	$ 569

See accompanying notes to financial statements.

Xponential Fitness, Inc.

Notes to Financial Statements
(Unaudited)

Note 1—Organization and Background

Xponential Fitness, Inc. (the "Company"), was incorporated in Delaware on January 14, 2020. Pursuant to a reorganization into a holding company structure, the Company will be a holding company with its principal asset being a controlling ownership interest in Xponential Intermediate Holdings LLC.

Basis of presentation—The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States. In the opinion of management, the Company has made all adjustments necessary to present fairly the statements of operations, balance sheets, changes in stockholder's equity, and cash flows for the periods presented. Such adjustments are of a normal, recurring nature. These unaudited financial statements should be read in conjunction with the financial statements and related Notes included in the Company's 2020 financial statements. Interim results of operations are not necessarily indicative of results of operations to be expected for a full year.

Note 2—Summary of Significant Accounting Policies

Income taxes – The Company is treated as a C corporation, and therefore, is subject to both federal and state income taxes. Xponential Intermediate Holdings LLC continues to be recognized as a limited liability company, a pass-through entity for income tax purposes.

Note 3—Stockholder's Equity

On January 14, 2020, the Company was authorized to issue 1,000 shares of common stock, $0.0001 par value. On January 23, 2020, the Company issued 1,000 shares for $1,000, all of which are owned by H&W Franchise Holdings LLC. Payment for the shares was received January 30, 2020.

Note 4—Subsequent Events

The Company has evaluated subsequent events through June 3, 2021, which is the date its financial statements were available to be issued.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Managers and Member of
Xponential Fitness LLC:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Xponential Fitness LLC (a wholly owned subsidiary of H&W Franchise Holdings, LLC) and subsidiaries (the "Company"), as of December 31, 2020 and 2019, the related consolidated statements of operations, changes to member's equity and cash flows, for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Costa Mesa, California
April 16, 2021

We have served as the Company's auditor since 2018.

XPONENTIAL FITNESS LLC (A WHOLLY OWNED SUBSIDIARY OF H&W FRANCHISE HOLDINGS, LLC)

Consolidated Balance Sheets
(amounts in thousands)

	December 31, 2019	December 31, 2020
Assets		
Current Assets:		
Cash, cash equivalents and restricted cash	$ 9,339	$ 11,299
Accounts receivable, net (Note 9)	10,780	5,196
Inventories	4,769	6,161
Prepaid expenses and other current assets	2,759	5,480
Deferred costs, current portion (Note 9)	2,690	3,281
Notes receivable from franchisees, net (Note 9)	1,190	1,288
Total current assets	31,527	32,705
Property and equipment, net	13,987	13,694
Goodwill	139,598	139,680
Intangible assets, net	102,019	98,124
Deferred costs, net of current portion (Note 9)	35,821	35,445
Notes receivable from franchisees, net of current portion (Note 9)	2,297	2,576
Other assets	418	614
Total assets	$ 325,667	$ 322,838
Liabilities and Member's Equity		
Current Liabilities:		
Accounts payable	$ 16,825	$ 18,339
Accrued expenses (Note 9)	18,358	13,764
Deferred revenue, current portion	14,822	14,247
Notes payable (Note 9)	792	970
Current portion of long-term debt	2,775	5,795
Other current liabilities	2,759	1,804
Total current liabilities	56,331	54,919
Deferred revenue, net of current portion	68,001	74,361
Contingent consideration from acquisitions (Note 10)	20,500	8,399
Line of credit	8,000	—
Long-term debt, net of current portion and issuance costs	141,612	176,002
Other liabilities	4,545	4,408
Total liabilities	298,989	318,089
Commitments and contingencies (Note 10)		
Member's equity:		
Member's contribution	152,265	113,697
Receivable from Member (Note 9)	(31,735)	(1,456)
Accumulated deficit	(93,852)	(107,492)
Total member's equity	26,678	4,749
Total liabilities and member's equity	$ 325,667	$ 322,838

See accompanying notes to consolidated financial statements.

XPONENTIAL FITNESS LLC (A WHOLLY OWNED SUBSIDIARY OF H&W FRANCHISE HOLDINGS, LLC)

Consolidated Statements of Operations
(amounts in thousands)

	Year ended December 31,		
	2018	2019	2020
Revenue, net:			
Franchise revenue	$ 19,852	$ 47,364	$ 48,056
Equipment revenue	22,646	40,012	20,642
Merchandise revenue	9,575	22,215	16,648
Franchise marketing fund revenue	3,745	8,648	7,448
Other service revenue	3,446	10,891	13,798
Total revenue, net	59,264	129,130	106,592
Operating costs and expenses:			
Costs of product revenue	22,901	41,432	25,727
Costs of franchise and service revenue (Note 9)	3,127	5,703	8,392
Selling, general and administrative expenses (Note 9)	44,551	80,495	60,917
Depreciation and amortization	3,513	6,386	7,651
Marketing fund expense	3,285	8,217	7,101
Acquisition and transaction expenses (income) (Note 9)	18,095	7,948	(10,990)
Total operating costs and expenses	95,472	150,181	98,798
Operating income (loss)	(36,208)	(21,051)	7,794
Other (income) expense:			
Interest income	(56)	(168)	(345)
Interest expense (Note 9)	6,253	16,087	21,410
Total other expense	6,197	15,919	21,065
Loss before income taxes	(42,405)	(36,970)	(13,271)
Income taxes	73	164	369
Net loss	$ (42,478)	$ (37,134)	$ (13,640)

See accompanying notes to consolidated financial statements.

XPONENTIAL FITNESS LLC (A WHOLLY OWNED SUBSIDIARY OF H&W FRANCHISE HOLDINGS, LLC)

Consolidated Statements of Changes to Member's Equity
(amounts in thousands)

	Member's Contribution	Receivable from Member	Accumulated Deficit	Total Member's Equity
Balance at January 1, 2018	$ 105,222	$ —	$ (14,240)	$ 90,982
Parent's stock contributed for acquisitions	43,010	—	—	43,010
Equity based compensation	1,969	—	—	1,969
Receivable from Member	—	(31,298)	—	(31,298)
Net loss	—	—	(42,478)	(42,478)
Balance at December 31, 2018	150,201	(31,298)	(56,718)	62,185
Equity based compensation	2,064	—	—	2,064
Payment of Member expenses	—	(437)	—	(437)
Net loss	—	—	(37,134)	(37,134)
Balance at December 31, 2019	152,265	(31,735)	(93,852)	26,678
Equity based compensation	1,751	—	—	1,751
Member contributions	32,884	—	—	32,884
Distributions to Member	(73,203)	—	—	(73,203)
Payment received from Member, net	—	30,279	—	30,279
Net loss	—	—	(13,640)	(13,640)
Balance at December 31, 2020	$ 113,697	$ (1,456)	$ (107,492)	$ 4,749

See accompanying notes to consolidated financial statements.

XPONENTIAL FITNESS LLC (A WHOLLY OWNED SUBSIDIARY OF H&W FRANCHISE HOLDINGS, LLC)

Consolidated Statements of Cash Flows
(amounts in thousands)

	Year ended December 31,		
	2018	2019	2020
Cash flows from operating activities:			
Net loss	$ (42,478)	$ (37,134)	$ (13,640)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	3,513	6,386	7,651
Change in contingent consideration from acquisitions (Note 9)	14,900	7,948	(10,990)
Amortization of debt issuance cost	263	526	3,096
Bad debt expense	772	1,528	2,766
Equity based compensation	1,969	2,064	1,751
Non-cash interest expense	247	2,823	1,321
Loss from disposal of assets	116	691	68
Changes in assets and liabilities, net of effect of acquisitions:			
Accounts receivable	(2,172)	(6,567)	2,977
Inventories	(804)	(296)	(1,392)
Prepaid expenses and other current assets	443	(1,627)	(2,904)
Deferred costs (Note 9)	(14,204)	(18,476)	(1,204)
Notes receivable, net	(1,859)	(579)	210
Accounts payable	6,430	6,527	1,709
Accrued expenses	1,696	936	1,914
Accrued related party interest	—	(68)	(28)
Other current liabilities	1,900	401	(955)
Deferred revenue	27,011	35,140	7,005
Other assets	175	(50)	(196)
Other liabilities	2,918	1,375	113
Net cash provided by (used in) operating activities	836	1,548	(728)
Cash flows from investing activities:			
Purchases of property and equipment	(7,551)	(7,226)	(1,880)
Proceeds from disposal of property and equipment	1	327	—
Purchase of studios	—	(532)	(1,150)
Proceeds from sale of company-owned studios	—	1,685	58
Purchase of intangible assets	(933)	(281)	(1,010)
Notes receivable	—	(3,002)	(619)
Acquisition of businesses, net of cash acquired	(15,948)	(750)	—
Net cash used in investing activities	(24,431)	(9,779)	(4,601)
Cash flows from financing activities:			
Borrowings from line of credit	8,000	—	10,000
Payments on line of credit	(2,000)	—	(18,000)
Borrowings from long-term debt	79,770	12,000	188,665
Payments on long-term debt	(53,206)	(1,602)	(149,219)
Debt issuance costs	(1,704)	(205)	(5,158)
Payment of contingent consideration	—	(1,656)	(3,250)
Loans from related party (Note 9)	2,435	1,048	—
Payments on loans from related party (Note 9)	(688)	(2,532)	(111)
Member contributions	—	—	27,286
Distributions to Member	—	—	(73,203)
Receipts from (advances to) Member, net (Note 9)	(1,780)	(437)	30,279
Receipts from (advances to) affiliates, net (Note 9)	661	(255)	—
Net cash provided by financing activities	31,488	6,361	7,289
Increase (decrease) in cash, cash equivalents and restricted cash	7,893	(1,870)	1,960
Cash, cash equivalents and restricted cash, beginning of year	3,316	11,209	9,339
Cash, cash equivalents and restricted cash, end of year	$ 11,209	$ 9,339	$ 11,299
Supplemental cash flow information:			
Interest paid	$ 5,557	$ 12,859	$ 17,035
Income taxes paid	63	174	228
Noncash investing and financing activity:			
Capital expenditures accrued	$ 12	$ 1,211	$ 196
Receivable recorded for sale of company-owned studio	—	200	—
Contingent consideration converted to Member contribution	—	—	5,598
Debt issuance costs added to debt principal	—	—	975
Parent's stock issued for acquisition of businesses	43,010	—	—
Contingent consideration upon acquisition	2,748	—	—
Debt assumed in acquisition	52,691	—	—
Note payable issued in connection with acquisition of business	724	—	—
Related party receivable reclassified to equity (Note 9)	18,070	—	—
Assumption of related party long-term debt (Note 9)	13,228	—	—

See accompanying notes to consolidated financial statements.

XPONENTIAL FITNESS LLC (A WHOLLY OWNED SUBSIDIARY OF H&W FRANCHISE HOLDINGS, LLC)

Notes to Consolidated Financial Statements
(amounts in thousands, except share and unit amounts)

Note 1—Nature of Business and Operations

Xponential Fitness LLC (the "Company") was formed on August 11, 2017 as a Delaware limited liability company for the sole purpose of franchising fitness brands in several verticals within the boutique fitness industry. The Company is a wholly owned subsidiary of Xponential Intermediate Holdings, LLC ("Member"), which was formed on February 24, 2020, and ultimately, H&W Franchise Holdings, LLC ("Parent"). Prior to the formation of the Member, the Company was a wholly owned subsidiary of H&W Franchise Intermediate Holdings, LLC.

Currently, the Company's portfolio of eight brands includes: "Club Pilates," a Pilates facility franchisor; "CycleBar," a premier indoor cycling franchise; "Stretch Lab," a fitness concept offering one-on-one assisted stretching services; "Row House," a rowing concept that provides an effective and efficient workout centered around the sport of rowing; "Yoga Six," a yoga concept that concentrates on connecting to one's body in a way that is energizing; "AKT" and "Pure Barre," which are dance-based concepts that provide a combination of personal training and movement based techniques; and "Stride," a running concept that offers treadmill-based high-intensity interval training and strength-training. The Company, through its brands, licenses its proprietary systems to franchisees who in turn operate studios to promote training and instruction programs to their club members within each vertical. In addition to franchised studios, the Company operated 14, four and 40 Company-owned studios as of December 31, 2018, 2019 and 2020, respectively.

Basis of presentation—The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

Principles of consolidation—The Company's consolidated financial statements include the accounts of its wholly owned subsidiaries Club Pilates Franchise, LLC; CycleBar Holdco, LLC; Stretch Lab Franchise, LLC; Row House Franchise, LLC; Yoga Six Franchise, LLC; AKT Franchise, LLC; PB Franchising, LLC and Stride Franchise, LLC. All intercompany transactions have been eliminated in consolidation.

Use of estimates—The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements. Actual results could differ from these estimates under different assumptions or conditions.

Note 2—Summary of Significant Accounting Policies

Segment information—Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources to an individual segment and in assessing performance. The Company's Chief Executive Officer is the Company's CODM. The CODM reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources and evaluating financial performance. As such, the Company has determined that it operates in one operating segment. During the years ended December 31, 2018, 2019 and 2020, the Company did not generate material international revenues and as of December 31, 2019 and 2020, the Company did not have material assets located outside of the United States.

Cash, cash equivalents and restricted cash—The Company considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

XPONENTIAL FITNESS LLC (A WHOLLY OWNED SUBSIDIARY OF H&W FRANCHISE HOLDINGS, LLC)

Notes to Consolidated Financial Statements
(amounts in thousands, except share and unit amounts)

The Company has marketing fund restricted cash, which can only be used for activities that promote the Company's brands. Restricted cash was $883 and $999 at December 31, 2019 and 2020, respectively.

Concentration of credit risk—Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash, accounts receivable and notes receivable. The Company maintains its cash with high-credit quality financial institutions. At December 31, 2019 and 2020, the Company had cash, cash equivalents and restricted cash that total $7,781 and $8,832, respectively, on deposit with high-credit quality financial institutions that exceed federally insured limits. The Company has not experienced any loss as a result of these or previous similar deposits. In addition, the Company closely monitors the extension of credit to its franchisees while maintaining allowances for potential credit losses.

Accounts receivable and allowance for doubtful accounts—Accounts receivable primarily consist of amounts due from franchisees and vendors. These receivables primarily relate to royalties, advertising contributions, equipment and product sales, training, vendor commissions and other miscellaneous charges. Receivables are unsecured; however, the franchise agreements provide the Company the right to withdraw funds from the franchisee's bank account or to terminate the franchise for nonpayment. On a periodic basis, the Company evaluates its accounts receivable balance and establishes an allowance for doubtful accounts based on a number of factors, including evidence of the franchisee's ability to comply with credit terms, economic conditions and historical receivables. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. At December 31, 2019 and 2020, the allowance for doubtful accounts was $225 and $2,405, respectively.

Inventories—Inventories are comprised of finished goods including equipment and branded merchandise primarily held for sale to franchisees. Cost is determined using the first-in-first-out method. Management analyzes obsolete, slow-moving and excess merchandise to determine adjustments that may be required to reduce the carrying value of such inventory to the lower of cost or net realizable value. Write-down of obsolete or slow-moving and excess inventory charges are included in costs of product revenue in the consolidated statements of operations.

Deferred offering costs—Deferred offering costs, primarily consisting of legal, accounting and other fees relating to the Company's initial public offering, are capitalized. These costs will be offset against the initial public offering proceeds upon the completion of the offering. In the event the offering is terminated, all deferred costs will be expensed. As of December 31, 2019 and 2020, the Company had capitalized $646 and $4,429, respectively, of deferred offering costs, which are recorded in prepaid expenses and other current assets in the consolidated balance sheets.

Property and equipment, net—Property and equipment are carried at cost less accumulated depreciation. Depreciation is recognized on a straight-line method, based on the following estimated useful lives:

Furniture and equipment	5 years
Computers and software	3-5 years
Vehicles	5 years
Leasehold improvements	Lesser of useful life or lease term

The cost and accumulated depreciation of assets sold or retired are removed from the accounts and any gain or loss is included in the results of operations during the period of sale or disposal. Costs for repairs and

maintenance are expensed as incurred. Repairs and maintenance costs for the years ended December 31, 2019 and 2020 were insignificant.

Goodwill and indefinite-lived intangible assets—Indefinite-lived intangible assets consist of goodwill and certain trademarks.

Goodwill—The Company tests for impairment of goodwill annually or sooner whenever events or circumstances indicate that goodwill might be impaired. Goodwill has been assigned to reporting units for purposes of impairment testing. The Company's reporting units are the brand names under which it sells franchises. The annual impairment test is performed as of the first day of the Company's fourth quarter. The annual impairment test begins with a qualitative assessment, where qualitative factors and their impact on critical inputs are assessed to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If the Company determines that a reporting unit has an indication of impairment based on the qualitative assessment, it is required to perform a quantitative assessment. The Company generally determines the estimated fair value using a discounted cash flow approach, giving consideration to the market valuation approach. If the carrying value exceeds the estimate of fair value, a write-down is recorded. The Company calculates impairment as the excess of the carrying value of goodwill over the estimated fair value. Based on the test results, no impairment was recorded for the years ended December 31, 2018, 2019 or 2020.

Trademarks—The Company tests for impairment of trademarks with an indefinite life annually or sooner whenever events or circumstances indicate that trademarks might be impaired. The Company first assesses qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of the trademarks is less than the carrying amount. In the absence of sufficient qualitative factors, trademark impairment is determined utilizing a two-step analysis. The two-step analysis involves comparing the fair value to the carrying value of the trademarks. The Company determines the estimated fair value using a relief from royalty approach. If the carrying amount exceeds the fair value, the Company impairs the trademarks to their fair value. Based on the test results, no impairment was recorded for the years ended December 31, 2018, 2019 or 2020.

Definite-lived intangible assets—Definite-lived intangible assets, consisting of franchise agreements, reacquired franchise rights, customer relationships, non-compete agreements, certain trademarks and web design and domain, are amortized using the straight-line method over the estimated remaining economic lives. Deferred video production costs are amortized on an accelerated basis. Amortization expense related to intangible assets is included in depreciation and amortization expense. The recoverability of the carrying values of all intangible assets with finite lives is evaluated when events or changes in circumstances indicate an asset's value may be impaired. Impairment testing is based on a review of forecasted undiscounted operating cash flows. If such analysis indicates that the carrying value of these assets is not recoverable, the carrying value of such assets is reduced to fair value, which is determined based on discounted future cash flows, through a charge to the consolidated statements of operations. No definite-lived intangible asset impairment was recorded for the years ended December 31, 2018, 2019 or 2020.

Revenue recognition—The Company's contracts with customers consist of franchise agreements with franchisees. The Company also enters into agreements to sell merchandise and equipment, training, on-demand video services and membership to Company-owned studios. The Company's revenues primarily consist of franchise license revenues, other franchise related revenues including equipment and merchandise sales and training revenue. In addition, the Company earns on-demand revenue, service revenue and other revenue.

XPONENTIAL FITNESS LLC (A WHOLLY OWNED SUBSIDIARY OF H&W FRANCHISE HOLDINGS, LLC)

Notes to Consolidated Financial Statements
(amounts in thousands, except share and unit amounts)

Each of the Company's primary sources of revenue and their respective revenue policies are discussed further below.

Franchise revenue—

The Company enters into franchise agreements for each franchised studio. The Company's performance obligation under the franchise license is granting certain rights to access the Company's intellectual property; all other services the Company provides under the franchise agreement are highly interrelated, not distinct within the contract, and therefore accounted for as a single performance obligation, which is satisfied over the term of each franchise agreement. Those services include initial development, operational training, preopening support and access to the Company's technology throughout the franchise term. Fees generated related to the franchise license include development fees, royalty fees, marketing fees, technology fees and transfer fees, which are discussed further below. Variable fees are not estimated at contract inception, and are recognized as revenue when invoiced, which occurs monthly. The Company has concluded that its agreements do not contain any financing components.

Franchise development fee revenue—The Company's franchise agreements typically operate under ten-year terms with the option to renew for up to two additional five-year successor terms. The Company determined the renewal options are neither qualitatively nor quantitatively material and do not represent a material right. Initial franchise fees are non-refundable and are typically collected upon signing of the franchise agreement. Initial franchise fees are recorded as deferred revenue when received and are recognized on a straight-line basis over the franchise life, which the Company has determined to be ten years, as the Company fulfills its promise to grant the franchisee the rights to access and benefit from the Company's intellectual property and to support and maintain the intellectual property.

The Company may enter into an area development agreement with certain franchisees. Area development agreements are for a territory in which a developer has agreed to develop and operate a certain number of franchise locations over a stipulated period of time. The related territory is unavailable to any other party and is no longer marketed to future franchisees by the Company. Depending on the number of studios purchased under franchise agreements or area development agreements, the initial franchise fee ranges from $60 (single studio) to $350 (ten studios) and is paid to the Company when a franchisee signs the area development agreement. Area development fees are initially recorded as deferred revenue. The development fees are allocated to the number of studios purchased under the development agreement. The revenue is recognized on a straight-line basis over the franchise life for each studio under the development agreement. Development fees and franchise fees are generally recognized as revenue upon the termination of the development agreement with the franchisee.

The Company may enter into master franchise agreements with master franchisees, under which the master franchisee sells licenses to franchisees in one or more countries outside of North America. The master franchise agreements generally provide a ten-year period under which the master franchisee may sell licenses. The master franchise agreement term ends on the earlier of the expiration or termination of the last franchise agreement sold by the master franchisee. Initial master franchise fees are recorded as deferred revenue when received and are recognized on a straight-line basis over 20 years.

Franchise royalty fee revenue—Royalty revenue represents royalties earned from each of the franchised studios in accordance with the franchise disclosure document and the franchise agreement for use of the brands'

names, processes and procedures. The royalty rate in the franchise agreement is typically 7% of the gross sales of each location operated by each franchisee. Royalties are billed on a monthly basis. The royalties are entirely related to the Company's performance obligation under the franchise agreement and are billed and recognized as franchisee sales occur.

Technology fees—The Company may provide access to third-party or other proprietary technology solutions to the franchisees for a fee. The technology solution may include various software licenses for statistical tracking, scheduling, allowing club members to record their personal workout statistics, music and technology support. The Company bills and recognizes the technology fee as earned each month as the technology solution service is performed.

Transfer fees—Transfer fees are paid to the Company when one franchisee transfers a franchise agreement to a different franchisee. Transfer fees are recognized as revenue on a straight-line basis over the term of the new or assumed franchise agreement, unless the original franchise agreement for an existing studio is terminated, in which case the transfer fee is recognized immediately.

Training revenue—The Company provides coach training services either through direct training of the coaches who are hired by franchisees or by providing the materials and curriculum directly to the franchisees who utilize the materials to train their hired coaches. Direct training fees are recognized over time as training is provided. Training fees for materials and curriculum are recognized at the point in time of delivery of the materials.

The Company also offers coach training and final coach certification through online classes. Fees received by the Company for online class training are recognized as revenue over time for the 12-month period that the Company is obligated to provide access to the online training content.

Franchise marketing fund revenue—Franchisees are required to pay marketing fees of 2% of their gross sales. The marketing fees are collected by the Company on a monthly basis and are to be used for the advertising, marketing, market research, product development, public relations programs and materials deemed appropriate to benefit brands. The Company's promise to provide the marketing services funded through the marketing fund is considered a component of the Company's performance obligation to grant the franchise license. The Company bills and recognizes marketing fund fees as revenue each month as gross sales occur.

Equipment and merchandise revenue—

The following revenues are generated as a result of transactions with or related to the Company's franchisees.

Equipment revenue—The Company sells authorized equipment to franchisees to be used in the franchised studios. Certain franchisees may prepay for equipment, and in that circumstance, the revenue is deferred until delivery. Equipment revenue is recognized when control of the equipment is transferred to the franchisee, which is at the point in time when delivery and installation of the equipment at the studio is complete.

Merchandise revenue—The Company sells branded and non-branded merchandise to franchisees for retail sales to customers at studios. For branded merchandise sales, the performance obligation is satisfied at the point in time of shipment of the ordered branded merchandise to the franchisee. For such branded merchandise

sales, the Company is the principal in the transaction as it controls the merchandise prior to it being delivered to the franchisee. The Company records branded merchandise revenue and related costs upon shipment on a gross basis. Customers have the right to return and/or receive credit for defective merchandise. Returns and credit for defective merchandise were insignificant for the years ended December 31, 2018, 2019 and 2020.

For certain non-branded merchandise sales, the Company earns a commission to facilitate the transaction between the franchisee and the supplier. For such non-branded merchandise sales, the Company is the agent in the transaction, facilitating the transaction between the franchisee and the supplier, as the Company does not obtain control of the non-branded merchandise during the order fulfillment process. The Company recordsnon-branded merchandise commissions revenue at the time of shipment.

Other revenue—

Service revenue—Revenue from Company-owned studios has been very limited as the Company typically only owns a small number of studios and only for a short period of time pending the resale of the license to a franchisee. For Company-owned studios, the Company's distinct performance obligation is to provide the fitness classes to the customer. The Company-owned studios sell memberships by individual class and by class packages. Revenue from the sale of classes and class packages for a specified number of classes are recognized over time as the customer attends and utilizes the classes. Revenues from the sale of class packages for an unlimited number of classes are recognized over time on a straight-line basis over the duration of the contract period.

On-demand revenue—The Company grants a subscriber access to an online hosted platform, which contains a library ofweb-based classes that is continually updated, through monthly or annual subscription packages. Revenue is recognized over time on a straight-line basis over the subscription period.

Other revenue—Through August 2018, the Company sold vouchers through third parties allowing up to four trial classes at local clubs operated by franchisees. The Company recognized revenue at the time the vouchers were redeemed, as third parties provided monthly reports detailing purchases and redemptions with submission of funds.

Additionally, the Company earns commission income from certain of its franchisees' use of certain preferred vendors. In these arrangements, the Company is the agent as it is not primarily responsible for fulfilling the orders. Commissions are earned and recognized at the point in time the vendor ships the product to franchisees.

Sales taxes, value added taxes and other taxes that are collected in connection with revenue transactions are withheld and remitted to the respective taxing authorities. As such, these taxes are excluded from revenue. The Company elected to account for shipping and handling as activities to fulfill the promise to transfer the good. Therefore, shipping and handling fees that are billed to franchisees are recognized in revenue and the associated shipping and handling costs are recognized in cost of product sold as soon as control of the goods transfers to the franchisee.

Credit Losses—The Company's accounts and notes receivable are recorded at net realizable value, which includes an appropriate allowance for estimated credit losses. The estimate of credit losses is based upon historical bad debts, current receivable balances, age of receivable balances, the customer's financial condition and current economic trends, all of which are subject to change. Actual uncollected amounts have historically

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been consistent with the Company's expectations. The Company's payment terms on its receivables from franchisees are generally 30 days.

The following table provides a reconciliation of the activity related to the Company's accounts receivable, other receivables and notes receivable allowance for credit losses:

	Accounts receivable	Other receivables	Notes receivable	Total
Balance at January 1, 2018	$ 165	$ —	$ —	$ 165
Bad debt expense recognized during the year	99	—	676	775
Write-off of uncollectible amounts	(127)	—	—	(127)
Balance at December 31, 2018	137	—	676	813
Bad debt expense recognized during the year	228	429	1,299	1,956
Write-off of uncollectible amounts	(140)	—	—	(140)
Balance at December 31, 2019	225	429	1,975	2,629
Bad debt expense recognized during the year	2,685	—	81	2,766
Write-off of uncollectible amounts	(505)	—	(147)	(652)
Balance at December 31, 2020	$ 2,405	$ 429	$ 1,909	$4,743

Shipping and handling fees—Shipping and handling fees billed to customers are recorded in merchandise and equipment revenues. The costs associated with shipping goods to customers are included in costs of product revenue in the consolidated statements of operations.

Costs of franchise and service revenue—Costs of franchise and service revenue consists of commissions related to the signing of franchise agreements, travel and personnel expenses related to the on-site training provided to the franchisees, and expenses related to the purchase of the technology packages and the related monthly fees. Costs of franchise and service revenue excludes depreciation and amortization.

Costs of product revenue—Costs of product revenue consists of cost of equipment and merchandise and related freight charges. Costs of product revenue excludes depreciation and amortization.

Advertising costs—Advertising costs are expensed as incurred. Advertising costs are included in selling, general and administrative expense. For the years ended December 31, 2018, 2019 and 2020, the Company had approximately $4,825, $6,622 and $5,409, respectively, of advertising costs, including amounts spent in excess of marketing fund revenue.

Selling, general and administrative expenses—The Company's selling, general and administrative ("SG&A") expenses primarily consist of salaries and wages, sales and marketing expenses, professional and legal fees, occupancy expenses, management fees, travel expenses and conference expenses.

Marketing fund expenses—Marketing fund expenses are recognized as incurred, and any marketing fund expenditures in excess of marketing fund revenue are reclassified as SG&A expenses in the consolidated statements of operations.

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Acquisition and transaction expenses (income)—Acquisition and transaction expenses (income) include costs directly related to the acquisition of businesses, which include expenditures for advisory, legal, valuation, accounting and similar services, in addition to amounts recorded for changes in contingent consideration (see Note 10).

Accrued expenses—Accrued expenses consisted of the following:

	December 31,	
	2019	2020
Accrued compensation	$ 2,899	$ 2,351
Contingent consideration from acquisitions, current portion	9,737	3,229
Sales tax accruals	4,552	4,931
Other accruals	1,170	3,253
Total accrued expenses	$ 18,358	$ 13,764

Income taxes—As a single member limited liability company, the Company is considered a disregarded entity and the results of its operations are filed with the Parent's federal and state income tax returns. As such, the Company itself is typically not subject to an income tax liability as the taxable income or loss of the Company is passed through to the Parent. Therefore, no liability for federal income taxes has been included in the consolidated financial statements. The Parent may require the Company to make distributions for tax purposes, as required to pay the tax liabilities of the Parent. There were no such distributions in 2018, 2019 or 2020.

The Company accounts for uncertain tax positions in accordance with Accounting Standards Codification ("ASC") Topic 740. ASC Topic 740 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties and required disclosures. The Company does not have any uncertain tax positions. The Company is required to pay an annual gross receipts fee and tax for its operations in California.

Comprehensive income—The Company does not have any components of other comprehensive income recorded within the consolidated financial statements and, therefore does not separately present a consolidated statement of comprehensive income in the consolidated financial statements.

Fair value measurements—ASC Topic 820, *Fair Value Measurements and Disclosures*, applies to all financial assets and financial liabilities that are measured and reported on a fair value basis and requires disclosure that establishes a framework for measuring fair value and expands disclosure about fair value measurements. ASC 820 establishes a valuation hierarchy for disclosures of the inputs to valuations used to measure fair value.

This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2—Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices

that are observable for the asset or liability (i.e., interest rates and yield curves), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3—Unobservable inputs that reflect assumptions about what market participants would use in pricing the asset or liability. These inputs would be based on the best information available, including the Company's own data.

The Company's financial instruments include cash, restricted cash, accounts receivable, notes receivable, accounts payable, accrued expenses and notes payable. The carrying amounts of these financial instruments are categorized within Level 1 of the fair value hierarchy due to the short-term nature of these balances and approximate their fair value due to their short maturities.

Recently adopted accounting pronouncements—

Under the Jumpstart Our Business Startups Act ("JOBS Act"), the Company meets the definition of an emerging growth company ("EGC"). The Company has elected to take advantage of the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act.

On January 1, 2020, the Company adopted Accounting Standards Update ("ASU") No. 2017-04, "Intangibles—Goodwill and Other (Topic 350)." This ASU simplifies the subsequent measurement of goodwill. The Financial Accounting Standards Board ("FASB") eliminated the Step 2 analysis from the goodwill impairment test which is meant to reduce the cost and complexity of evaluating goodwill for impairment. The adoption of this new standard did not have a material impact on the consolidated financial statements or disclosures.

Recently issued accounting pronouncements—

Accounting for leases—In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." This new topic, which supersedes "Leases (Topic 840)," applies to all entities that enter into a contract that is or contains a lease, with some specified scope exemptions. This new standard requires lessees to evaluate whether a lease is a finance lease using criteria similar to those a lessee uses under current accounting guidance to determine whether it has a capital lease. Leases that do not meet the criteria for classification as finance leases by a lessee are to be classified as operating leases.

Under the new standard, for each lease classified as an operating lease, lessees are required to recognize on the balance sheet: (i) a right-of-use ("ROU") asset representing the right to use the underlying asset for the lease term; and (ii) a lease liability for the obligation to make lease payments over the lease term. Lessees can make an accounting policy election, by class of underlying asset, to not recognize ROU assets and lease liabilities for leases with a lease term of 12 months or less as long as the leases do not include options to purchase the underlying assets that the lessee is reasonably certain to exercise. This standard also requires an entity to disclose key information (both qualitative and quantitative) about the entity's leasing arrangements. Upon adoption, entities are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. Management is currently evaluating the impact of this new guidance on the consolidated financial statements.

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In June 2020, the FASB issued ASUNo. 2020-05, "Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)," which defers the effective date of Leases (Topic 842) to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

Credit Losses—In June 2016, the FASB issuedASU 2016-13, "Financial Instruments—Credit Losses (Topic 326)." The standard introduces a new model for recognizing credit losses on financial instruments based on an estimate of current expected credit losses and will apply to trade receivables. The new guidance will be effective for the Company's annual and interim periods beginning after December 15, 2022. The Company is currently evaluating the impact of the adoption of the standard on the consolidated financial statements.

Reference Rate Reform—In March 2020, the FASB issuedASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting". ASU 2020-04 provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by the expected transition away from reference rates that are expected to be discontinued, such as LIBOR. ASU 2020-04 was effective upon issuance. The Company may elect to apply the guidance prospectively through December 31, 2022. The Company is currently evaluating the impact of the adoption of the standard on the consolidated financial statements.

Note 3—Acquisitions

The Company completed the following acquisitions which contain Level 3 fair value measurements related to the recognition of goodwill and intangibles.

Studios

During the year ended December 31, 2020, the Company entered into agreements with franchisees under which the Company repurchased a total of 18 studios to operate as company-owned studios. The aggregate purchase price for the acquisitions was $1,150, less $231 of net deferred revenue and deferred costs resulting in total purchase consideration of $919. The following summarizes the aggregate fair values of the assets acquired and liabilities assumed:

Property and equipment	$646
Reacquired franchise rights	158
Customer relationships	33
Goodwill	82
Total purchase price	$919

The fair value of reacquired franchise rights was based on the excess earnings method and are considered to have an approximate eight-year life. The fair value of customer relationships is based on the cost approach and are considered to have an approximate one-year life. Inputs used in the methodologies primarily included sales forecasts, projected future cash flows and discount rate commensurate with the risk involved. The goodwill created through the purchases is attributable to the assumed future value of the cash flows from the studios acquired. The acquisitions were not material to the results of operations of the Company.

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AKT

AKT Franchise, LLC ("AKT") executed an asset purchase agreement with AKT inMotion Inc. (the "AKT Seller") on March 22, 2018. The acquisition allowed the Company to expand its fitness franchise portfolio to include a dance-based cardio concept available for franchising, as well as support the Company's growth into new states. The consideration paid for the acquisition was $2,150 of cash payments, $850 to be paid to the AKT Seller in three annual payments of approximately $283 recorded as a note payable, and 3,789.9 shares of the Parent's Class A-1 shares totaling $1,012. In addition, there is an earn-out payable to the AKT Seller, which entitles the AKT Seller to 20% of future operating distributions of AKT, including the right to 20% of the fair market value received in a change of control, subject to distribution thresholds. The Company determined the fair value of the contingent consideration from the acquisition was zero as of March 22, 2018, as the distribution threshold had not been met. See Note 10 for additional information.

The transaction was accounted for as a business combination using the acquisition method of accounting, which requires the assets acquired and liabilities assumed to be recorded at their respective fair values as of the date of the transaction. The following table summarizes the fair values of the assets acquired and liabilities assumed:

Goodwill	$3,376
Intangible assets	510
Total purchase price	$3,886

The consideration resulted in goodwill of $3,376, which consists largely of the synergies and economies of scale expected from combining the operations of AKT with the Company's franchise servicing operations. The fair values, which are Level 3 measurements, of the recognizable intangible assets are comprised of trademarks and franchise agreements. The fair value of trademarks was estimated by the relief from royalty method and are considered to have a ten-year life. The fair value of the franchise agreements was based on the excess earnings method and are considered to have a ten-year life. Inputs used in the methodologies primarily included sales forecasts, projected future cash flows, royalty rate and discount rate commensurate with the risk involved.

In connection with the acquisition, AKT has three annual payments of approximately $283 to be made on each anniversary of the acquisition. AKT used an implied interest rate, based on the Company's borrowing rate of 8.5% to discount this future obligation. As such, at the acquisition date the Company recorded approximately $241 and $482 of other current liabilities and other long-term liabilities, respectively. The note accrues interest at the rate of 12% per annum if payment is not made within ten days of receipt of non-payment notice from the AKT Seller. The Company recognized approximately $46, $47 and $67 of interest expense related to this obligation for the years ended December 31, 2018, 2019 and 2020, respectively. At December 31, 2019 and 2020, the consideration payable, including accrued interest, was approximately $567 and $884 of notes payable current portion, and $250 and $0 of other liabilities, respectively, in the consolidated balance sheets.

The acquisition was not material to the results of operations of the Company.

Yoga Six

Yoga Six Franchise, LLC ("Yoga Six") executed an asset purchase agreement with Yoga 6 Company, LLC (the "Yoga Six Seller") on July 31, 2018. The acquisition allowed the Company to expand its fitness

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franchise portfolio to include a yoga concept available for franchising, as well as support the Company's growth into new states. The consideration paid for the acquisition included $3,000 of cash payments, 5,716.9 shares of the Parent's Class A-1 shares totaling $1,535 and a $1,000 performance bonus payable (fair value of $879 at acquisition date) to the Yoga Six Seller, once the 50th franchise studio is operating, which terminates four years from the purchase date. The contingent consideration is measured at fair value using a probability weighted discounted cash flow analysis. Inputs include the probability of achievement, the projected payment date and discount rate used to present value the projected cash flows. See Note 10 for additional information.

The transaction was accounted for as a business combination using the acquisition method of accounting, which requires the assets acquired and liabilities assumed to be recorded at their respective fair value as of the date of the transaction. The following table summarizes the fair values of the assets acquired and liabilities assumed:

Goodwill	$3,214
Intangible assets	2,200
Total purchase price	$5,414

The consideration resulted in goodwill of $3,214, which consists largely of the synergies and economies of scale expected from combining the operations of Yoga Six with the Company's franchise servicing operations. The fair values, which are Level 3 measurements, of the recognizable intangible assets are comprised of trademarks and franchise agreements. The fair value of trademarks was estimated by the relief from royalty method and are considered to have a ten-year life. The fair value of the franchise agreements was based on the excess earnings method and are considered to have a ten-year life. Inputs used in the methodologies primarily included sales forecasts, projected future cash flows, royalty rate and discount rate commensurate with the risk involved.

The acquisition was not material to the results of operations of the Company.

Pure Barre

The Parent executed a merger agreement to acquire Barre Holdco and its wholly owned subsidiaries ("Pure Barre") on October 25, 2018, and the business was immediately contributed to the Company. The Company is considered the acquirer for purposes of purchase accounting as the Company financed the acquisition through cash and debt. The acquisition allowed the Company to expand its fitness franchise portfolio to include a dance-based concept available for franchising, as well as support the Company's growth into new states. The consideration paid for the acquisition included approximately $14,370 of cash payments, 159,306.1 shares of the Parent's Class A-3 shares totaling approximately $40,463 and assumed Pure Barre's debt of approximately $52,691, which was then repaid. Tangible and intangible assets acquired were recorded based on their estimated fair values at the acquisition date. The excess of the purchase price over the fair value of net

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assets acquired is recorded as goodwill. The following table summarizes the fair values of the assets acquired and liabilities assumed:

Current assets	$ 7,113
Property and equipment	277
Goodwill	43,584
Intangible assets	59,500
Other assets	190
Current liabilities assumed	(3,126)
Debt assumed	(52,691)
Other liabilities assumed	(14)
Total purchase price	54,833
Less: cash acquired	(4,721)
Total purchase price, net of cash acquired	$ 50,112

The consideration resulted in goodwill of $43,584, which consists largely of the synergies and economies of scale expected from combining the operations of Pure Barre with the Company's franchise servicing operations. The fair values, which are Level 3 measurements, of the recognizable intangible assets are comprised of trademarks, franchise agreements and customer relationships. The fair value of trademarks was estimated by the relief from royalty method and are considered to have an indefinite life. The fair value of the franchise agreements was based on the excess earnings method and are considered to have a 7.5-year life. The fair value of customer relationships is based on the excess earnings method and are considered to have a one-year life. Inputs used in the methodologies primarily included sales forecasts, projected future cash flows, royalty rate and discount rate commensurate with the risk involved.

The following table presents supplemental unaudited pro forma revenue and net loss for the year ended December 31, 2018 for the Pure Barre acquisition as if it had occurred on January 1, 2018 and was consolidated with the Company as of January 1, 2018. These amounts were calculated after applying the Company's accounting policies, including the adoption of ASC 606, and were based upon available information at the time. For this analysis, the Company assumed that costs associated with the acquisition, including the amortization of intangible assets, were recognized as of January 1, 2018. Pre-acquisition revenue and net loss amounts for Pure Barre were derived from the books and records of Pure Barre prepared prior to the acquisition, are presented for informational purposes only and do not purport to be indicative of the results of future operations or of the results that would have occurred had the acquisition taken place as of January 1, 2018.

Revenue	$ 82,678
Net loss	$(45,975)

For the year ended December 31, 2018, the Company's consolidated revenue and consolidated net loss included $5,643 and ($570), respectively, attributable to Pure Barre. Pro forma revenue and net loss information for acquisitions other than Pure Barre are not presented as these acquisitions are not individually, or in the aggregate, material to the results of operations of the Company.

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Stride

Stride Franchise, LLC ("Stride") executed an asset purchase agreement with Studio Tread, Inc., d/b/a Stride LA (the "Stride Seller") on December 31, 2018. The acquisition allowed the Company to expand its fitness franchise portfolio to include a treadmill-based high-intensity interval training and strength concept available for franchising, as well as fund the Company's growth into new states. The fair value of the acquisition consideration was $1,900 of cash payments, payable in two installments, a first installment of $1,150 and a second installment of $750. The first payment was made at the time of closing and the second payment was made on January 15, 2019. In addition, there were additional performance bonus payments aggregating $2,000. At the acquisition date, the Company recognized contingent consideration of $1,869 for the estimated fair value of the contingent payments. The contingent consideration was measured at estimated fair value using a probability weighted discounted cash flow analysis. These inputs include probability of achievement, the projected payment date and the discount rate of 8.5% used to present value the projected cash flows. See Note 10 for additional information.

The transaction was accounted for as a business combination using the acquisition method of accounting, which requires the assets acquired and liabilities assumed to be recorded at their respective fair value as of the date of the transaction. The following table summarizes the fair values of the assets acquired and liabilities assumed:

Goodwill	$ 3,469
Intangible assets	300
Total purchase price	$ 3,769

The consideration resulted in goodwill of $3,469, which consists largely of the synergies and economies of scale expected from combining the operations of Stride with the Company's franchise servicing operations. The fair values, which are Level 3 measurements, of the recognizable intangible assets are comprised of trademarks and franchise agreements. The fair value of trademarks was estimated by the relief from royalty method and are considered to have a ten-year life. The fair value of the franchise agreements was based on the excess earnings method and are considered to have a ten-year life. Inputs used in the methodologies primarily included sales forecasts, projected future cash flows, royalty rate and discount rate commensurate with the risk involved.

The acquisition was not material to the results of operations of the Company.

During the year ended December 31, 2018, the Company incurred $3,195 of transaction costs directly related to the acquisitions, which include expenditures for advisory, legal, valuation, accounting and similar services. These costs have been expensed and are included in acquisition and transaction expenses (income) in the consolidated statements of operations.

Goodwill and intangible assets recognized from these acquisitions are expected to be tax deductible.

Note 4—Contract Liabilities and Costs from Contracts with Customers

Contract liabilities—Contract liabilities consist of deferred revenue resulting from franchise fees, development fees and master franchise fees paid by franchisees, which are recognized over time on a straight-line basis over the franchise agreement term. Also included in the deferred revenue balance are non-refundable

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prepayments for merchandise and equipment, as well as revenues for training, service revenue and on-demand fees for which the associated products or services have not yet been provided to the customer. The Company classifies these contract liabilities as either current deferred revenue or non-current deferred revenue in the consolidated balance sheets based on the anticipated timing of delivery. The following table reflects the change in contract liabilities for the years ended December 31, 2018, 2019 and 2020:

	Franchise development fees	Equipment and other	Total
Balance at January 1, 2018	$ 14,114	$ 5,390	$ 19,504
Revenue recognized that was included in deferred revenue at the beginning of the year	(1,008)	(5,390)	(6,398)
Increase, excluding amounts recognized as revenue during the year	22,222	12,356	34,578
Balance at December 31, 2018	35,328	12,356	47,684
Revenue recognized that was included in deferred revenue at the beginning of the year	(3,519)	(12,356)	(15,875)
Increase, excluding amounts recognized as revenue during the year	40,550	10,464	51,014
Balance at December 31, 2019	72,359	10,464	82,823
Revenue recognized that was included in deferred revenue at the beginning of the year	(7,921)	(10,464)	(18,385)
Deferred revenue recorded as settlement in purchase accounting	(1,329)	—	(1,329)
Increase, excluding amounts recognized as revenue during the year	13,262	12,237	25,499
Balance at December 31, 2020	$ 76,371	$ 12,237	$ 88,608

The following table illustrates estimated revenue expected to be recognized in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as of December 31, 2020. The expected future recognition period for deferred franchise development fees related to unopened studios is based on management's best estimate of the beginning of the franchise license term for those studios. The Company elected to not disclose sales and usage-based royalties, marketing fees and any other variable consideration recognized on an "as invoiced" basis.

Contract liabilities to be recognized in revenue in	Franchise development fees	Equipment and other	Total
2021	$ 5,499	$ 8,748	$ 14,247
2022	6,081	1,896	7,977
2023	7,425	1,593	9,018
2024	8,011	—	8,011
2025	8,107	—	8,107
Thereafter	41,248	—	41,248
	$ 76,371	$ 12,237	$ 88,608

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The following table reflects the components of deferred revenue:

	December 31,	
	2019	2020
Franchise and area development fees	$ 72,359	$ 76,371
Equipment and other	10,464	12,237
Total deferred revenue	82,823	88,608
Non-current portion of deferred revenue	68,001	74,361
Current portion of deferred revenue	$ 14,822	$ 14,247

Contract costs—Contract costs consist of deferred commissions resulting from franchise and area development sales by third-party and affiliate brokers and sales personnel. The total commission is deferred at the point of a franchise sale. The commissions are evenly split among the number of studios purchased under the development agreement and begin to be amortized when a subsequent franchise agreement is executed. The commissions are recognized on a straight-line basis over the initial ten-year franchise agreement term to align with the recognition of the franchise agreement or area development fees. The Company classifies these deferred contract costs as either current deferred costs or non-current deferred costs in the consolidated balance sheet. The associated expense is classified within costs of franchise and service revenue in the consolidated statements of operations. At December 31, 2019 and 2020, there were approximately $2,087 and $2,553 of current deferred costs and approximately $35,821 and $35,417 in non-current deferred costs, respectively. The Company recognized approximately $684, $2,454 and $4,234 in franchise sales commissions expense for the years ended December 31, 2018, 2019 and 2020, respectively.

Note 5—Notes Receivable

The Company has provided unsecured advances or extended financing related to the purchase of the Company's equipment or franchise fees to various franchisees. These arrangements have terms of up to 18 months with interest typically based on LIBOR plus 700 basis points with an initial interest free period. The Company also provides loans to various franchisees through its relationship with Intensive Capital Inc. ("ICI") (see Note 9 for additional information). The Company accrues the interest as an addition to the principal balance as the interest is earned. Activity related to these arrangements is presented within operating activities in the consolidated statements of cash flows.

The Company has also provided unsecured loans for the establishment of new or transferred franchise studios to various franchisees. These loans have terms of up to ten years and bear interest at fixed rates ranging from 7.75% to 15%, or variable rates based on LIBOR plus a specified margin. The Company accrues interest as an addition to the principal balance as the interest is earned. Activity related to these loans is presented within investing activities in the consolidated statements of cash flows.

At December 31, 2019 and 2020, the principal balance of the notes receivable was approximately $5,462 and $5,773, respectively. On a periodic basis, the Company evaluates its notes receivable balance and establishes an allowance for doubtful accounts, based on a number of factors, including evidence of the franchisee's ability to comply with the terms of the notes, economic conditions and historical collections. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. At December 31, 2019 and 2020, the Company has reserved approximately $1,975 and $1,909, respectively, as uncollectible notes receivable.

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Note 6—Property and equipment

Property and equipment consisted of the following:

	December 31,	
	2019	2020
Furniture and equipment	$ 2,942	$ 3,586
Computers and software	5,884	6,451
Vehicles	12	12
Leasehold improvements	6,058	6,478
Construction in progress	750	1,201
Less: accumulated depreciation	(1,659)	(4,034)
Total property and equipment	$ 13,987	$ 13,694

Depreciation expense for the years ended December 31, 2018, 2019 and 2020 was $661, $1,254 and $2,587, respectively.

Note 7—Goodwill and Intangible Assets

Goodwill represents the excess of cost over the fair value of identifiable net assets acquired related to the original purchase of the various franchise businesses and acquisition of Company-owned studios. Goodwill is not amortized but is tested annually for impairment or more frequently if indicators of potential impairment exist. During the year ended December 31, 2020, there was an increase of $82 in previously reported goodwill due to the acquisitions of Company-owned studios as discussed in Note 3. Goodwill totals $139,598 and $139,680 at December 31, 2019 and 2020, respectively.

Intangible assets consisted of the following:

		December 31, 2019			December 31, 2020		
	Amortization period (years)	Gross amount	Accumulated amortization	Net amount	Gross amount	Accumulated amortization	Net amount
Trademarks	10	$ 1,420	$ (230)	$ 1,190	$ 1,420	$ (373)	$ 1,047
Franchise agreements	7.5—10	34,500	(7,256)	27,244	34,500	(11,498)	23,002
Reacquired franchise rights	7.5—8	—	—	—	158	(15)	143
Customer relationships	1	—	—	—	33	(26)	7
Non-compete agreement	5	1,400	(722)	678	1,400	(1,002)	398
Web design and domain	3—10	309	(157)	152	130	(44)	86
Deferred video production costs	3	152	(4)	148	1,150	(316)	834
Total definite-lived intangible assets		37,781	(8,369)	29,412	38,791	(13,274)	25,517
Indefinite-lived intangible assets:							
Trademarks	N/A	72,607	—	72,607	72,607	—	72,607
Total intangible assets		$ 110,388	$ (8,369)	$ 102,019	$ 111,398	$ (13,274)	$ 98,124

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Amortization expense for the years ended December 31, 2018, 2019 and 2020 was approximately $2,852, $5,132 and $5,064, respectively.

The anticipated future amortization expense of intangible assets is as follows:

Year ending December 31,	
2021	$ 5,136
2022	4,799
2023	4,553
2024	4,413
2025	4,330
Thereafter	2,286
Total	$ 25,517

Note 8—Debt

On September 29, 2017, the Member obtained a five-year $55,000 term loan from a lender, along with a consortium of banks and other lenders (the "Facility"). The rights and obligations were then assigned to and assumed by the Company and St. Gregory Holdco, LLC ("STG") a subsidiary of the Member immediately following the consummation of a related party recapitalization transaction. The Facility also included a $3,000 revolving credit line for general corporate purposes. On June 28, 2018, the Facility was amended to increase the term loan to $71,000 and the revolving credit line to $5,000. On October 25, 2018, the Facility was further amended to increase the aggregate available borrowings to $145,000, including a $10,000 revolving credit line, and to extend the maturity date to October 25, 2023.

The Facility included an option to request an increase in the term loan commitments by an aggregate of $35,000, including up to $5,000 in revolving credit borrowings, subject to approval of the lenders and meeting certain quantitative financial covenants based on the most recent quarter and meeting minimum EBITDA levels on a trailing 12-month basis. Term loan borrowings under the additional commitments were to be used to fund capital expenditures, investments, permitted acquisitions or permitted dividends. The revolving credit borrowings were to be used for working capital and general corporate needs.

The total term loan and credit line outstanding under the Facility as of December 31, 2019 was $147,000 and $8,000, respectively. The debt was collateralized by substantially all of the Member's assets, including assets of the Member's subsidiaries. The Company and STG were jointly and severally liable for borrowings under the Facility. During 2018, the Company began servicing the STG portion of the debt and determined that STG did not have the ability to repay its portion of the loan. Therefore, the total outstanding debt was recognized in the consolidated financial statements as of December 31, 2019.

Borrowings under the term loan and revolving credit line carried an interest rate of LIBOR plus 6% (7.805% as of December 31, 2019). Interest was allocated to the Company and STG based on their respective amounts due through November 2018. In November 2018, the Company began paying all interest payments due for the STG portion of the debt.

The term loan required quarterly installments of 0.25% of the aggregate amount of Term A Loans through June 30, 2020, and 1.25% of the aggregate amount of Term A Loans each quarter thereafter, plus interest

through the term of the loan, maturing October 25, 2023. The revolving credit line required interest only payments through the term of the loan, maturing October 25, 2023.

In December 2019, the Company entered into an amendment and waiver to the Facility. In connection with the amendment, the Company agreed to pay monthly fees of $500 beginning on February 1, 2020, increasing by $500 on the first of each subsequent month until the amounts outstanding under the Facility are repaid in full. In addition, the interest rate margin above LIBOR was to increase by 1% beginning on February 1, 2020, increasing by 1% on the first of each subsequent month until the amounts outstanding under the Facility were repaid in full. Further, installment payments on the Term A Loan were due in an amount equal to 1% of the aggregate amount of Term A Loans beginning on February 1, 2020. In addition, penalties of up to $1,500 were to be incurred if certain information was not provided on the respective due dates through February 2020. The lender was also entitled to purchase up to 1% of the Company's equity through the issuance of warrants if the Facility had not been refinanced by April 1, 2020, and that right was to increase by 1% in each subsequent month until refinanced.

In February 2020, the Company entered into a further amendment to the Facility that required a $30,000 principal payment, which was paid in February 2020 with the proceeds from an equity contribution (see Note 9). The amendment also reverted to the prior quarterly installment payment schedule and amended the monthly fees beginning March 1, 2020 to $1,000, increasing to $2,000 on August 1, 2020. The required information was provided by the due date related to $1,000 of penalties imposed by the December 2019 amendment. In February 2020, the Company paid $500 in penalties.

On February 28, 2020, the Company obtained a five-year $185,000 term loan from a lender, along with a consortium of other lenders (the "2020 Facility"). The 2020 Facility also includes a $10,000 revolving credit facility. The 2020 Facility is collateralized by substantially all of the Company's assets, including assets of the Company's subsidiaries. The 2020 Facility has an interest rate based on a reference rate or LIBOR, plus an applicable margin (8.125% at December 31, 2020). The proceeds of the term loan were used to repay borrowings, interest and fees outstanding under the Facility, and a $1,000 prepayment penalty on the Facility. In addition, $18,833 of the proceeds were distributed to the Member in March 2020. Principal payments of $925 are due quarterly beginning on June 30, 2020, and excess payments are required if the Company's cash flows exceed certain thresholds. As of December 31, 2020, the total amount available for borrowing was $5,982.

The 2020 Facility contains representations, conditions, covenants and events of default customary for similar facilities, including a total leverage ratio. As of December 31, 2020, the Company was in compliance with these covenants or had obtained a waiver for non-compliance. The 2020 Facility also includes certain restrictions including, among other things, restrictions on additional indebtedness, issuance of additional equity, payments or distributions to affiliates and entering into certain transactions with affiliates.

In April 2020, the Company received a loan in the amount of $3,665, pursuant to the Paycheck Protection Program ("PPP") administered by the U.S. Small Business Administration. The PPP is part of the Coronavirus Aid, Relief, and Economic Security Act, which provides for forgiveness of up to the full principal amount and accrued interest of qualifying loans guaranteed under the PPP. The loan matures April 17, 2022, bears interest at 1% per annum and requires no payments during the first 16 months from the date of the loan. As of December 31, 2020, the Company has applied for forgiveness of 100% of the loan.

The Company incurred debt issuance costs of $1,704, $205 and $5,158 in the years ended December 31, 2018, 2019 and 2020, respectively. Debt issuance cost amortization amounted to approximately $263, $526 and

(amounts in thousands, except share and unit amounts)

$3,096 for the years ended December 31, 2018, 2019 and 2020, respectively. Unamortized debt issuance costs as of December 31, 2019 and 2020 were $2,057 and $5,094, respectively, and are presented as a reduction to long-term debt in the consolidated balance sheets.

Principal payments on outstanding balances of long-term debt and the line of credit as of December 31, 2020 were as follows:

Year ending December 31,	
2021	$ 5,795
2022	5,296
2023	3,700
2024	3,700
2025	168,400
Total	$ 186,891

The carrying value of the Company's long-term debt and the line of credit approximated fair value as of December 31, 2019 and 2020 due to the variable interest rate, which is a Level 2 input, or proximity of debt issuance date to the balance sheet date.

Note 9—Related Party Transactions

The Company has numerous transactions with the Member and the Parent and its affiliates. The significant related party transactions consist of borrowings from and payments to the Member and other related parties under common control of the Parent.

In September 2017, the Parent entered into a management services agreement with TPG Growth III Management, LLC ("TPG"), which was an affiliate of the Parent, to pay TPG an annual fee of $750 for management services provided to the Company. During the year ended December 31, 2018, the Company recorded $640 of management fees included within SG&A expenses, net of expenses allocated to STG, for services received from TPG, including reimbursement for reasonable out-of-pocket expenses. In June 2018, TPG assigned the management services agreement to H&W Investco Management LLC ("H&W Investco"), which is beneficially owned by a member of the Company's board of directors. During the years ended December 31, 2018, 2019 and 2020, the Company recorded $206, $557 and $795, respectively, of management fees included within SG&A expenses, net of expenses allocated to STG, for services received from H&W Investco, including reimbursement for reasonable out-of-pocket expenses.

During the years ended December 31, 2018, 2019 and 2020, the Company recorded $9,337, $10,893 and $0, respectively, of deferred commission costs paid to affiliates of the Parent, which are being recognized over the initial ten-year franchise agreement terms.

During 2018, the Company recorded a reduction to Member's equity of $31,298, representing the net amount of funds advanced to the Member, as the Company determined that the Member had no plan to repay these amounts in the foreseeable future. During 2019, the Company provided funds to STG aggregating $437 and recorded a corresponding reduction to member's equity for this same amount. The aggregate receivable from the Parent at December 31, 2019 was $31,735, which was repaid in February 2020. During 2020, the Company

provided additional net funds to STG aggregating $1,456 and recorded a corresponding reduction to member's equity for this same amount. The aggregate receivable from the Parent at December 31, 2020 was $1,456.

In February 2020, the Member contributed $49,443 to the Company in satisfaction of the $32,157 ($31,735 at December 31, 2019) receivable with the remainder recorded as a contribution. The proceeds were used to make a $30,000 principal payment on the Company's outstanding term loan (see Note 8), with the remainder available for unrestricted use by the Company. Also, in February 2020, the Company returned $19,443 of the contribution to the Member, which was recorded as a distribution. Also, in 2020, $53,760 of the proceeds from the borrowings under the 2020 Facility were forwarded to the Parent and recorded as a distribution. In August 2020, the Member contributed $10,000 to the Company, which was recorded as a contribution, the proceeds of which were used to repay the line of credit.

The Company's Chief Executive Officer is the sole owner of ICI. ICI provides unsecured loans to the Company, which loans the funds to franchisees to purchase a franchise territory or to setup a studio. The Company records notes payable to ICI and notes receivable from the franchisees resulting from these transactions. The notes from ICI to the Company accrue interest at the time the loan is made, which is recorded as interest expense. The notes receivable begin to accrue interest 45 days after the issuance to the franchisee. At December 31, 2019 and 2020, the Company had recorded $221 and $94 of notes receivable and $225 and $86 of notes payable, respectively. The Company recognized $36, $48 and $13 of interest income and $78, $110 and $19 of interest expense, respectively, for the years ended December 31, 2018, 2019 and 2020. ICI also provides loans directly to franchisees. During the years ended December 31, 2018, 2019 and 2020, the Company made interest payments on these loans to ICI on behalf of the franchisees of approximately $0, $163 and $0, respectively, which is included in SG&A expenses in the consolidated statements of operations.

In September 2019, the Company entered into a building lease agreement with Von Karman Production LLC, which is owned by the Company's Chief Executive Officer. Pursuant to the lease, the Company is obligated to pay monthly rent of $25 for an initial lease term of five years expiring on August 31, 2024. During the years ended December 31, 2019 and 2020, the Company recorded expense related to this lease of $101 and $319, respectively, and paid a security deposit of $29 related to this lease during the year ended December 31, 2019.

The Company earns revenues and has accounts receivable and notes receivables from franchisees who are also shareholders of the Parent or officers of the Company. Revenues from these affiliates, primarily related to franchise revenue, marketing fund revenue and merchandise revenue, were $14, $1,329 and $666 for the years ended December 31, 2018, 2019 and 2020, respectively. Included in accounts receivable as of December 31, 2019 and 2020 is $146 and $9, respectively, for such sales. At December 31, 2019 and 2020, notes receivable from franchisees includes $0 and $135 and notes receivable from franchisees, net of current portion includes $2,091 and $2,093, respectively, related to financing provided to these affiliates.

Note 10—Contingencies and Litigation

Litigation—In August 2020, Get Kaisered Inc., Kaiser Fitness LLC and Anna Kaiser (collectively, the "Plaintiffs") filed a complaint against the Company and the Member alleging, among other claims, breaches by the Company of an asset purchase agreement and a consulting agreement. The complaint seeks relief including monetary damages and injunctive relief. The Company intends to defend itself and a range of losses, if any, is not estimable. As a result, the Company has not recorded any liability for this matter in the consolidated balance sheets.

The Company is subject to normal and routine litigation brought by former or current employees, customers, franchisees, vendors, landlords or others. The Company intends to defend itself in any such matters. The Company believes that the ultimate determination of liability in connection with legal claims pending against it, if any, will not have a material adverse effect on its business, annual results of operations, liquidity or financial position; however, it is possible that the Company's business, results of operations, liquidity or financial condition could be materially affected in a particular future reporting period by the unfavorable resolution of one or more matters or contingencies during such period. The Company accrued for estimated legal liabilities and has entered into certain settlement agreements to resolve legal disputes, and recorded $679, which is included in accrued expenses on the consolidated balance sheet as of December 31, 2020.

Contingent consideration from acquisitions—In connection with the 2017 acquisition of CycleBar from a then affiliate of the Member, the Company recorded contingent consideration of $4,390 for the estimated fair value of the contingent payment. Payment of additional consideration is contingent on CycleBar reaching two milestones based on a number of operating franchise studios and average monthly revenues by September 2022. The first milestone payout was $5,000 and the second milestone was $10,000. The contingent consideration is measured at estimated fair value using a probability weighted discounted cash flow analysis. These inputs include the probability of achievement, the projected payment date and the discount rate of 8.5% used to present value the projected cash flows. The Company recorded approximately $7,678, $922 and $706 of additional contingent consideration, of which $151, $754 and $706 was recorded as interest expense and $7,527, $168 and $0 as acquisition and transaction expenses (income), respectively, for the years ended December 31, 2018, 2019 and 2020.

In March 2020, the Parent entered into an agreement with the former owners of CycleBar, which (i) decreased the second milestone amount to $2,500, (ii) imposes interest at 10% per annum on the first and second milestones beginning March 5, 2020 and April 2, 2020, respectively, and (iii) increases the interest rate to 14% on the first milestone if not paid prior to January 1, 2021. As a result, in March 2020, the Company recorded a reduction to the contingent consideration liability of $5,598 with an offsetting increase in Member's equity. At December 31, 2019 and 2020, the contingent consideration was $5,000 and $0, respectively, recorded as accrued expenses, and $7,990 and $8,100 recorded as contingent consideration from acquisitions, respectively, on the consolidated balance sheets.

In connection with the 2017 acquisition of Row House, the Company agreed to pay to the sellers 20% of operational or change of control distributions, subject to distribution thresholds, until the date there is a change in control or liquidation of Row House. As of the purchase date, the Company determined the fair value was zero as the distribution threshold had not been met. During the year ended December 31, 2018, the Company recorded $2,349 of additional consideration which represents the fair value of the additional consideration based on the projected payment date, discounted at a rate of 8.5%. During the year ended December 31, 2019, the Company recorded $4,017 of additional contingent consideration, of which $197 and $3,820 was recorded as interest expense and acquisition and transaction expenses (income), respectively. During the year ended December 31, 2020, the Company recorded a reduction of $6,065 to contingent consideration, of which $215 and ($6,280) was recorded as interest expense and acquisition and transaction expenses (income), respectively. As of December 31, 2019 and 2020, contingent consideration totals approximately $6,365 and $300, respectively. The Company determines the estimated fair value using a discounted cash flow approach, giving consideration to the market valuation approach, which is a Level 3 measurement. Inputs used in the methodology primarily included sales forecasts, projected future cash flows and discount rate commensurate with the risk involved.

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In connection with the 2017 acquisition of Stretch Lab, the Company agreed to pay to the seller 20% of operational or change of control distributions, until the date there is a change of control or a liquidation of Stretch Lab. The Company determined the estimated fair value using a discounted cash flow approach, giving consideration to the market valuation approach, which is a Level 3 measurement. Inputs used in the methodology primarily included sales forecasts, projected future cash flows and discount rate commensurate with the risk involved. During the year ended December 31, 2018, the Company recorded contingent consideration of $1,676 which represents the fair value of the contingent consideration based on the projected payment date, discounted at a rate of 8.5%. The Company recorded $1,515 of additional contingent consideration, of which $10 and $1,505 was recorded as interest expense and acquisition and transaction expenses (income), respectively, for the year ended December 31, 2018. In September 2019, the Company entered into a settlement agreement with the Stretch Lab sellers to resolve disputes related to the acquisition and related agreements and to settle all amounts due under the contingent consideration. Under the terms of the settlement agreement, the Company took ownership of four Stretch Lab studios owned by the sellers, with a fair value of $532, and will make payments to the sellers aggregating $6,500. At December 31, 2019 and 2020, the liability was $2,750 and $1,979 recorded as accrued expenses and $1,685 and $0 as contingent consideration from acquisitions, respectively, on the consolidated balance sheets. The Company made an initial payment of $1,000 in September 2019, and the first quarterly payment of $688 in December 2019. Quarterly payments of $688 will continue through September 2021. The Company recognized the studio assets acquired and related liability under the settlement in September 2019. The studio assets were sold in September 2019 to third-party franchisees.

In connection with the 2018 acquisition of AKT, the Company agreed to pay the seller 20% of operational or change of control distributions, subject to distribution thresholds until the date there is a change of control or a liquidation of AKT. During the years ended December 31, 2019 and 2020, the Company recorded an increase of $4,460 and a reduction of $4,460, respectively, as acquisition and transaction expenses (income). As of December 31, 2019 and 2020, contingent consideration totals $4,460 and $0, respectively, and is included in contingent consideration from acquisitions in the consolidated balance sheets. The Company determines the estimated fair value using a discounted cash flow approach, giving consideration to the market valuation approach, which is a Level 3 measurement. Inputs used in the methodology primarily included sales forecasts, projected future cash flows and discount rate commensurate with the risk involved.

In connection with the 2018 acquisition of Yoga Six, the Company is obligated to make additional payments for purchase consideration if certain events occur. Payment of additional consideration is contingent on Yoga Six reaching a milestone of opening a number of franchise studios before the fourth anniversary of the purchase date. The contingent consideration is measured at estimated fair value using a probability weighted discounted cash flow analysis. The inputs include the probability of achievement, the projected payment date and the discount rate of 8.5% used to present value the projected cash flows. The Company recorded $30, $77 and $13 of additional contingent consideration as interest expense for the years ended December 31, 2018, 2019 and 2020, respectively. At December 31, 2019 and 2020, the contingent consideration payable was $987 and $1,000, respectively, and is included in accrued expenses in the consolidated balance sheets.

In connection with the 2018 acquisition of Stride, the Company initially recorded contingent consideration of $1,869 for the estimated fair value of the contingent payments. Payment of additional consideration was contingent on Stride reaching two milestones for opening franchise studios before the first anniversary of the purchase date. The contingent consideration is measured at estimated fair value using a probability weighted discounted cash flow analysis. These inputs include the probability of achievement, the projected payment date and the discount rate of 8.5% used to present value the projected cash flows. The

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contingent consideration agreement was modified in 2019 and 2020. Payments of additional consideration, as amended, are now contingent on Stride reaching milestones for opening two franchise studios and membership enrollments for such studios at various date through 2021. Due to the amendments, the Company determined that it was not probable that a portion of the consideration would be paid and reduced the accrual by $500 and $250 during the years ended December 31, 2019 and 2020, respectively. During the years ended December 31, 2019 and 2020, the Company recorded approximately $131 and $0, respectively, of additional contingent liability as interest expense and made payments of $500 for each of the years ended December 31, 2019 and 2020. At December 31, 2019 and 2020, the contingent consideration of $1,000 and $250, respectively, was recorded as accrued expenses in the consolidated balance sheets.

Leases—The Company has entered into various building space leases that are classified as operating leases, including one building lease with a related party (see Note 9). Total rent expense for the years ended December 31, 2018, 2019 and 2020 was $1,547, $2,658 and $3,133, respectively.

Future minimum lease payments at December 31, 2020 were as follows:

	Related-party lease	Third-party leases	Total
Year ending December 31,			
2021	$ 312	$ 6,007	$ 6,319
2022	321	5,689	6,010
2023	331	5,633	5,964
2024	225	5,766	5,991
2025	—	5,427	5,427
Thereafter	—	16,865	16,865
Total	$ 1,189	$ 45,387	$ 46,576

Note 11—Equity Compensation

Phantom stock—

Club Pilates and CycleBar issued 13,158 and 165 phantom stock units, respectively, to certain employees that settle, or are expected to settle, with cash payments. The phantom stock units are awarded with vesting conditions that include a service period and/or performance targets and a change of control and are subject to certain forfeiture provisions prior to vesting. There was no expense recorded for the years ended December 31, 2018, 2019 and 2020 related to the phantom stock units as vesting is not considered probable. Upon a change in control, the Company will record the then fair market value of such awards. During the year ended December 31, 2020, the 165 phantom stock units issued by CycleBar were cancelled.

Profit interest units—

The Parent grants time-based and performance-based profit interest units to certain key employees of the Company and its subsidiaries. The Parent has 195,988.2 units authorized for grant. The fair value of the time-based grants is recognized as compensation expense over the vesting period (generally four years), with an

(amounts in thousands, except share and unit amounts)

increase to Member's contribution in Member's equity. The fair value of the time-based grants was calculated using a Black-Scholes option-pricing model with the following assumptions:

	Years Ended December 31,		
	2018	2019	2020
Risk free interest rate	2.27%—2.85%	1.55%—2.20%	0.15%
Weighted average volatility	42.30%	41.80%	39.6%
Dividend yield	— %	— %	— %
Expected terms (in years)(1)	2.25	1.62	1.31

(1) The Company has limited historical information regarding the expected term. Accordingly, the Company determined the expected life of the units using the simplified method.

The profit interests have various distribution thresholds, which vary based on the date of grant. The weighted average distribution threshold for profit interests outstanding was $145.13 at December 31, 2020. At December 31, 2020, the Company had $1,090 of unrecognized compensation expense expected to be recognized over a weighted average period of approximately 1.2 years for the time-based grants. For the years ended December 31, 2018, 2019 and 2020, compensation expense of $1,969, $2,064 and $1,751, respectively, was included within SG&A expenses.

The performance-based grants are awarded with vesting conditions based on performance targets connected to the value received from change of control of the Parent and are subject to certain forfeiture provisions prior to vesting. There was no expense recorded for the years ended December 31, 2018, 2019 and 2020 related to the performance-based awards as vesting is not considered to be probable. The Company will record the compensation expense when the performance targets are met. At December 31, 2020, the Company had $9,966 of unrecognized compensation expense related to the performance-based grants. Forfeitures are recorded in the period the forfeitures occur.

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The following table summarizes the equity participation award activity:

	Performance-based profit interests		Time-based profit interests	
	Number of units	Weighted average distribution threshold	Number of units	Weighted average distribution threshold
Outstanding at January 1, 2018	26,234.7	$ 92.98	26,234.8	$ 92.98
Issued	68,121.6	$ 178.57	43,821.9	$ 136.17
Vested	—		(14,327.2)	$ 115.77
Forfeited, expired, or canceled	—		—	
Outstanding at December 31, 2018	94,356.3	$ 154.77	55,729.5	$ 121.08
Issued	25,937.6	$ 364.21	1,952.6	$ 327.84
Vested	—		(17,509.1)	$ 120.00
Forfeited, expired, or canceled	(2,761.6)	$ 135.00	(2,071.2)	$ 135.00
Outstanding at December 31, 2019	117,532.3	$ 201.49	38,101.8	$ 131.53
Issued	4,211.3	$ 244.46	4,211.3	$ 244.46
Vested	—		(19,920.4)	$ 140.12
Forfeited, expired, or canceled	—		—	
Outstanding at December 31, 2020	121,743.6	$ 202.98	22,392.7	$ 145.13
Vested	—		—	
Expected to vest	—		22,392.7	$ 145.13

Note 12—Employee Benefit Plan

The Company maintains the Xponential Fitness LLC 401(k) Profit Sharing Plan and Trust (the "401(k) Plan"). Employees who have completed one month of service and have attained age 18 are eligible to participate in elective deferrals under the 401(k) Plan. Employees are eligible to participate for purposes of matching contributions upon completion of one year of service. On an annual basis, the Company will determine the formula for the discretionary matching contribution. In addition, the Company may make a discretionary nonelective contribution to the 401(k) Plan. During the years ended December 31, 2018, 2019 and 2020, the Company recorded expense for matching contributions to the 401(k) Plan of $32, $197 and $338, respectively.

Note 13—Member's Equity

Member's equity interest—As of December 31, 2019 and 2020, the Company had one class of membership interest which was held by the Member. Earnings per share data is not provided in the consolidated financial statements as the Company is a single-member limited liability company with only one unit.

Member's contributions—As described in Note 3 and presented in the consolidated statements of changes to Member's equity, during the year ended December 31, 2018, the Parent contributed shares to the Company which were used as part of the consideration to sellers for certain acquisitions. The consideration contributed totaled $43,010. To estimate the value for these contributions, the Company estimated the value of the Parent's shares using Level 3 input factors including the fair value of the acquired entity, negotiated values

with the sellers of the acquired entities, recent equity recapitalizations of the Parent, comparable industry transactions, adjusted EBITDA multiples ranging from 14.1 to 23.6 and the estimated fair value of the Company's reporting units.

As described in Note 9, in February 2020, the Member contributed $49,443 to the Company, of which $32,157 was in satisfaction of the receivable from the Member and the remainder was a member's contribution. Of this $49,443, $30,000 was used to paydown the principal on outstanding term loans under the Facility (see Note 8) with the remainder available for unrestricted use by the Company. Also, in February 2020, the Company returned $19,443 of the contribution to the Member, which was recorded as a distribution. Also, in 2020, $53,760 of the proceeds from the borrowings under the 2020 Facility were paid to the Parent and recorded as a distribution. In August 2020, the Member contributed $10,000 to the Company, which was recorded as a contribution, the proceeds of which were used to repay the line of credit.

Note 14—Subsequent Events

The Company has evaluated subsequent events through April 16, 2021, which is the date the consolidated financial statements were available to be issued.

In February 2021, the Company entered into an agreement with a franchisee to repurchase two studios. The purchase price for the studios was approximately $245, less approximately $10 of net deferred revenue and deferred costs resulting in total purchase consideration of approximately $235. The Company has not completed the allocation of the purchase price to the tangible and intangible assets acquired.

On March 24, 2021, the Company entered into a contribution agreement with Rumble Holdings LLC; Rumble Parent LLC and Rumble Fitness LLC (the "Selling Parties") to acquire the franchise rights, brand, intellectual property and the rights to manage and license the "Rumble" franchise business. The Selling Parties are engaged in the business of operating fitness studios under the "Rumble" name which offer their customers boxing-inspired group fitness classes under the "Rumble" trade name, in addition to offering at home on-demand and live workouts on Rumble TV. The Company will also offer its customers related ancillary products and services related to this concept. The transaction terms include purchasing exclusive rights to establish and operate franchises under the "Rumble" trade name and use certain related assets for the purpose of establishing a franchise system. This acquisition is expected to enhance the Company's franchise offerings and provide a platform for future growth, which the Company believes is complimentary to its portfolio of franchises. The Parent contributed 39,540.5 shares of the Parent's Class A units, which were used to fund the acquisition. An additional 61,573.5 units may be contributed and issued to the Selling Parties if certain share prices are met, or if the Company or the Parent has a change of control. The Company is unable to provide the preliminary estimated fair values of the Parent's Class A units, the assets acquired and liabilities assumed as of the acquisition date as it has not yet completed its analysis. In connection with the contribution agreement, the Parent agreed to provide up to $20,000 in debt financing to the Selling Parties. On March 24, 2021, the 2020 Facility was amended to provide for additional term loans in an amount up to $10,600, which amount was borrowed and the proceeds distributed to the Parent to fund a note payable from the Selling Parties to the Parent under this $20,000 debt financing obligation. Quarterly principal payments of $53 on the additional term loans will be due beginning June 30, 2021.

Xponential Fitness LLC (a wholly owned subsidiary of H&W Franchise Holdings, LLC)

Condensed Consolidated Balance Sheets
(Unaudited)
(amounts in thousands)

	December 31, 2020	March 31, 2021
Assets		
Current Assets:		
Cash, cash equivalents and restricted cash	$ 11,299	$ 7,350
Accounts receivable, net (Note 9)	5,196	6,474
Inventories	6,161	5,731
Prepaid expenses and other current assets	5,480	6,465
Deferred costs, current portion	3,281	3,363
Notes receivable from franchisees, net (Note 9)	1,288	1,308
Total current assets	32,705	30,691
Property and equipment, net	13,694	13,621
Goodwill	139,680	147,863
Intangible assets, net	98,124	109,537
Deferred costs, net of current portion	35,445	35,856
Notes receivable from franchisees, net of current portion (Note 9)	2,576	2,464
Other assets	614	615
Total assets	$ 322,838	$ 340,647
Liabilities and Member's Equity		
Current Liabilities:		
Accounts payable	$ 18,339	$ 15,989
Accrued expenses (Note 9)	13,764	13,332
Deferred revenue, current portion	14,247	16,155
Notes payable (Note 9)	970	993
Current portion of long-term debt	5,795	7,236
Other current liabilities	1,804	1,869
Total current liabilities	54,919	55,574
Deferred revenue, net of current portion	74,361	77,436
Contingent consideration from acquisitions (Note 10)	8,399	8,756
Long-term debt, net of current portion and issuance costs	176,002	184,344
Other liabilities	4,408	4,431
Total liabilities	318,089	330,541
Commitments and contingencies (Note 10)		
Member's equity:		
Member's contribution	113,697	123,802
Receivable from Member (Note 9)	(1,456)	(1,454)
Accumulated deficit	(107,492)	(112,242)
Total member's equity	4,749	10,106
Total liabilities and member's equity	$ 322,838	$ 340,647

See accompanying notes to condensed consolidated financial statements.

Xponential Fitness LLC (a wholly owned subsidiary of H&W Franchise Holdings, LLC)

Condensed Consolidated Statements of Operations
(Unaudited)
(amounts in thousands)

	Three Months Ended March 31,	
	2020	2021
Revenue, net:		
Franchise revenue	$ 14,847	$ 13,755
Equipment revenue	6,735	4,066
Merchandise revenue	5,064	4,232
Franchise marketing fund revenue	2,697	2,483
Other service revenue	2,444	4,529
Total revenue, net	31,787	29,065
Operating costs and expenses:		
Costs of product revenue	8,098	5,344
Costs of franchise and service revenue	2,082	2,319
Selling, general and administrative expenses (Note 9)	11,873	16,602
Depreciation and amortization	1,814	2,055
Marketing fund expense	2,585	2,616
Acquisition and transaction expenses (income)	(774)	350
Total operating costs and expenses	25,678	29,286
Operating income (loss)	6,109	(221)
Other (income) expense:		
Interest income	(90)	(95)
Interest expense (Note 9)	7,986	4,423
Total other expense	7,896	4,328
Loss before income taxes	(1,787)	(4,549)
Income taxes	162	201
Net loss	$ (1,949)	$ (4,750)

See accompanying notes to condensed consolidated financial statements.

Xponential Fitness LLC (a wholly owned subsidiary of H&W Franchise Holdings, LLC)

Condensed Consolidated Statements of Changes to Member's Equity
(Unaudited)
(amounts in thousands)

	Member's Contribution	Receivable from Member	Accumulated Deficit	Total Member's Equity
Balance at December 31, 2019	$ 152,265	$ (31,735)	$ (93,852)	$ 26,678
Equity based compensation	418	—	—	418
Member contributions	22,884	—	—	22,884
Distributions to Member	(73,203)	—	—	(73,203)
Payment received from Member, net	—	30,279	—	30,279
Net loss	—	—	(1,949)	(1,949)
Balance at March 31, 2020	$ 102,364	$ (1,456)	$ (95,801)	$ 5,107

	Member's Contribution	Receivable from Member	Accumulated Deficit	Total Member's Equity
Balance at December 31, 2020	$ 113,697	$ (1,456)	$ (107,492)	$ 4,749
Equity based compensation	222	—	—	222
Parent contribution of Rumble assets	20,483	—	—	20,483
Distributions to Member	(10,600)	—	—	(10,600)
Payment received from Member, net	—	2	—	2
Net loss	—	—	(4,750)	(4,750)
Balance at March 31, 2021	$ 123,802	$ (1,454)	$ (112,242)	$ 10,106

See accompanying notes to condensed consolidated financial statements.

Xponential Fitness LLC (a wholly owned subsidiary of H&W Franchise Holdings, LLC)

Condensed Consolidated Statements of Cash Flows
(Unaudited)
(amounts in thousands)

	Three Months Ended March 31,	
	2020	2021
Cash flows from operating activities:		
Net loss	$ (1,949)	$ (4,750)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,814	2,055
Amortization of debt issuance cost	2,255	311
Change in contingent consideration from acquisitions	(774)	120
Bad debt expense (recovery)	42	(105)
Equity based compensation	418	222
Non-cash interest	312	226
Gain from disposal of assets	(2)	—
Changes in assets and liabilities, net of effect of acquisitions:		
Accounts receivable	738	(1,173)
Inventories	(293)	430
Prepaid expenses and other current assets	(1,975)	(985)
Deferred costs	(1,830)	(533)
Notes receivable, net	171	168
Accounts payable	(2,418)	(1,797)
Accrued expenses	(1,416)	491
Accrued related party interest	8	—
Other current liabilities	(422)	65
Deferred revenue	6,262	5,033
Other assets	—	(1)
Other liabilities	29	23
Net cash provided by (used in) operating activities	970	(200)
Cash flows from investing activities:		
Purchases of property and equipment	(574)	(1,125)
Purchase of studios	—	(245)
Proceeds from sale of company-owned studios	50	—
Purchase of intangible assets	—	(288)
Notes receivable	(450)	9
Net cash used in investing activities	(974)	(1,649)
Cash flows from financing activities:		
Payments on line of credit	(8,000)	—
Borrowings from long-term debt	185,000	10,600
Payments on long-term debt	(146,444)	(925)
Debt issuance costs	(4,998)	(212)
Payment of contingent consideration	(687)	(964)
Member contributions	17,286	—
Distributions to Member	(73,203)	(10,600)
Receipts from (advances to) Member, net (Note 9)	30,279	1
Receipts from (advances to) affiliates, net (Note 9)	2	—
Net cash used in financing activities	(765)	(2,100)
Decrease in cash, cash equivalents and restricted cash	(769)	(3,949)
Cash, cash equivalents and restricted cash, beginning of period	9,339	11,299
Cash, cash equivalents and restricted cash, end of period	$ 8,570	$ 7,350
Supplemental cash flow information:		
Interest paid	$ 5,455	$ 3,810
Income taxes paid	159	49
Noncash investing and financing activity:		
Capital expenditures accrued	$ 345	$ 552
Contingent consideration converted to Member contribution	5,598	—
Parent contribution of Rumble assets	—	20,483

See accompanying notes to condensed consolidated financial statements.

Xponential Fitness LLC (a wholly owned subsidiary of H&W Franchise Holdings, LLC)

Notes to Condensed Consolidated Financial Statements
(Unaudited)
(amounts in thousands, except share and unit amounts)

Note 1 – Nature of Business and Operations

Xponential Fitness LLC (the "Company") was formed on August 11, 2017 as a Delaware limited liability company for the sole purpose of franchising fitness brands in several verticals within the boutique fitness industry. The Company is a wholly owned subsidiary of Xponential Intermediate Holdings, LLC ("Member"), which was formed on February 24, 2020, and ultimately, H&W Franchise Holdings, LLC ("Parent"). Prior to the formation of the Member, the Company was a wholly owned subsidiary of H&W Franchise Intermediate Holdings, LLC.

Currently, the Company's portfolio of nine brands includes: "Club Pilates," a Pilates facility franchisor; "CycleBar," a premier indoor cycling franchise; "Stretch Lab," a fitness concept offering one-on-one assisted stretching services; "Row House," a rowing concept that provides an effective and efficient workout centered around the sport of rowing; "Yoga Six," a yoga concept that concentrates on connecting to one's body in a way that is energizing; "AKT" and "Pure Barre," which are dance-based concepts that provide a combination of personal training and movement based techniques; "Stride," a running concept that offers treadmill-based high-intensity interval training and strength-training; and "Rumble," a boxing concept that offers boxing-inspired group fitness classes, which was acquired on March 24, 2021. The Company, through its brands, licenses its proprietary systems to franchisees who in turn operate studios to promote training and instruction programs to their club members within each vertical. In addition to franchised studios, the Company operated seven and 49 Company-owned studios as of March 31, 2020 and 2021, respectively.

Basis of presentation – The Company's condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP"). In the opinion of management, the Company has made all adjustments necessary to present fairly the condensed consolidated statements of operations, balance sheets, changes in member's equity, and cash flows for the periods presented. Such adjustments are of a normal, recurring nature. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related Notes included in the Company's 2020 consolidated financial statements. Interim results of operations are not necessarily indicative of results of operations to be expected for a full year.

On March 24, 2021, the Company acquired the rights to franchise the Rumble concept and has included the results of operations of Rumble in its condensed consolidated statement of operations from that date forward. See Note 3 for additional information.

Principles of consolidation – The Company's consolidated financial statements include the accounts of its wholly owned subsidiaries Club Pilates Franchise, LLC; CycleBar Holdco, LLC; Stretch Lab Franchise, LLC; Row House Franchise, LLC; Yoga Six Franchise, LLC; AKT Franchise, LLC; PB Franchising, LLC; Stride Franchise, LLC; and Rumble Franchise, LLC. All intercompany transactions have been eliminated in consolidation.

Use of estimates – The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements. Actual results could differ from these estimates under different assumptions or conditions.

Xponential Fitness LLC (a wholly owned subsidiary of H&W Franchise Holdings, LLC)

Notes to Condensed Consolidated Financial Statements
(Unaudited)
(amounts in thousands, except share and unit amounts)

Note 2 – Summary of Significant Accounting Policies

Segment information –The Company operates in one operating segment. During the three months ended March 31, 2020 and 2021, the Company did not generate material international revenues and as of December 31, 2020 and March 31, 2021, the Company did not have material assets located outside of the United States.

Cash, cash equivalents and restricted cash – The Company considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

The Company has marketing fund restricted cash, which can only be used for activities that promote the Company's brands. Restricted cash was $999 and $1,030 at December 31, 2020 and March 31, 2021, respectively.

Accounts receivable and allowance for doubtful accounts – Accounts receivable primarily consist of amounts due from franchisees and vendors. These receivables primarily relate to royalties, advertising contributions, equipment and product sales, training, vendor commissions and other miscellaneous charges. Receivables are unsecured; however, the franchise agreements provide the Company the right to withdraw funds from the franchisee's bank account or to terminate the franchise for nonpayment. On a periodic basis, the Company evaluates its accounts receivable balance and establishes an allowance for doubtful accounts based on a number of factors, including evidence of the franchisee's ability to comply with credit terms, economic conditions and historical receivables. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. At December 31, 2020 and March 31, 2021, the allowance for doubtful accounts was $2,405 and $2,238, respectively.

Deferred offering costs – Deferred offering costs, primarily consisting of legal, accounting and other fees relating to the Company's initial public offering, are capitalized. These costs will be offset against the initial public offering proceeds upon the completion of the offering. In the event the offering is terminated, all deferred costs will be expensed. As of December 31, 2020 and March 31, 2021, the Company had capitalized $4,429 and $4,905, respectively, of deferred offering costs, which are recorded in prepaid expenses and other current assets in the condensed consolidated balance sheets.

Accrued expenses – Accrued expenses consisted of the following:

	December 31, 2020	March 31, 2021
Accrued compensation	$ 2,351	$ 3,306
Contingent consideration from acquisitions, current portion	3,229	2,307
Sales tax accruals	4,931	4,981
Other accruals	3,253	2,738
Total accrued expenses	$ 13,764	$ 13,332

Comprehensive income – The Company does not have any components of other comprehensive income recorded within the consolidated financial statements and, therefore does not separately present a consolidated statement of comprehensive income in the condensed consolidated financial statements.

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Notes to Condensed Consolidated Financial Statements
(Unaudited)
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Fair value measurements – ASC Topic 820, *Fair Value Measurements and Disclosures*, applies to all financial assets and financial liabilities that are measured and reported on a fair value basis and requires disclosure that establishes a framework for measuring fair value and expands disclosure about fair value measurements. ASC 820 establishes a valuation hierarchy for disclosures of the inputs to valuations used to measure fair value.

This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates and yield curves), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 – Unobservable inputs that reflect assumptions about what market participants would use in pricing the asset or liability. These inputs would be based on the best information available, including the Company's own data.

The Company's financial instruments include cash, restricted cash, accounts receivable, notes receivable, accounts payable, accrued expenses and notes payable. The carrying amounts of these financial instruments approximates fair value due to their short maturities.

Recently issued accounting pronouncements –

Accounting for leases – In February 2016, the FASB issued ASUNo. 2016-02, "Leases (Topic 842)." This new topic, which supersedes "Leases (Topic 840)," applies to all entities that enter into a contract that is or contains a lease, with some specified scope exemptions. This new standard requires lessees to evaluate whether a lease is a finance lease using criteria similar to those a lessee uses under current accounting guidance to determine whether it has a capital lease. Leases that do not meet the criteria for classification as finance leases by a lessee are to be classified as operating leases.

Under the new standard, for each lease classified as an operating lease, lessees are required to recognize on the balance sheet: (i) aright-of-use ("ROU") asset representing the right to use the underlying asset for the lease term; and (ii) a lease liability for the obligation to make lease payments over the lease term. Lessees can make an accounting policy election, by class of underlying asset, to not recognize ROU assets and lease liabilities for leases with a lease term of 12 months or less as long as the leases do not include options to purchase the underlying assets that the lessee is reasonably certain to exercise. This standard also requires an entity to disclose key information (both qualitative and quantitative) about the entity's leasing arrangements. Upon adoption, entities are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. Management is currently evaluating the impact of this new guidance on the consolidated financial statements.

In June 2020, the FASB issued ASUNo. 2020-05, "Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)," which defers the effective date of Leases (Topic 842) to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

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Notes to Condensed Consolidated Financial Statements
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Credit Losses – In June 2016, the FASB issued ASU 2016-13, "Financial Instruments—Credit Losses (Topic 326)." The standard introduces a new model for recognizing credit losses on financial instruments based on an estimate of current expected credit losses and will apply to trade receivables. The new guidance will be effective for the Company's annual and interim periods beginning after December 15, 2022. The Company is currently evaluating the impact of the adoption of the standard on the consolidated financial statements.

Reference Rate Reform – In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting". ASU 2020-04 provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by the expected transition away from reference rates that are expected to be discontinued, such as LIBOR. ASU 2020-04 was effective upon issuance. The Company may elect to apply the guidance prospectively through December 31, 2022. The Company is currently evaluating the impact of the adoption of the standard on the consolidated financial statements.

Note 3 – Acquisitions

The Company completed the following acquisitions which contain Level 3 fair value measurements related to the recognition of goodwill and intangibles.

Studios

In February 2021, the Company entered into an agreement with a franchisee under which the Company repurchased two studios to operate as company-owned studios. The aggregate purchase price for the acquisition was $245, less $10 of net deferred revenue and deferred costs resulting in total purchase consideration of $235. The following summarizes the aggregate fair values of the assets acquired and liabilities assumed:

Property and equipment	$ 71
Reacquired franchise rights	164
Total purchase price	$235

The fair value of reacquired franchise rights was based on the excess earnings method and are considered to have an approximate eight-year life. Inputs used in the methodologies primarily included sales forecasts, projected future cash flows and discount rate commensurate with the risk involved. The acquisition was not material to the results of operations of the Company.

Rumble

On March 24, 2021, the Parent entered into a contribution agreement with Rumble Holdings LLC; Rumble Parent LLC and Rumble Fitness LLC (the "Selling Parties") to acquire the franchise rights, brand, intellectual property and the rights to manage and license the "Rumble" franchise business. The Parent issued 39,540.5 shares of the Parent's Class A units, which were used to fund the acquisition, and are subject to forfeiture if certain events occur. An additional 61,573.5 units were issued to the Selling Parties, which units vest if certain share prices are met, or if the Company or the Parent has a change of control. In connection with the contribution agreement, the Parent agreed to provide up to $20,000 in debt financing to the Selling Parties. See Note 8 for additional information. The Parent contributed all assets acquired from the Selling Parties to the Company. The

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Notes to Condensed Consolidated Financial Statements
(Unaudited)
(amounts in thousands, except share and unit amounts)

fair value of all the Parent's Class A units issued to the Selling Parties was determined to be $20,483 and is a Level 3 measurement. The Company estimated the value of the Parent's shares using Level 3 input factors including the fair value of the acquired entity, negotiated values with the sellers of the acquired entity, recent equity recapitalizations of the Parent, comparable industry transactions, adjusted EBITDA multiples ranging from 15 to 18 and the estimated fair value of the Company's reporting units.

The Selling Parties are engaged in the business of operating fitness studios under the "Rumble" name which offer their customers boxing-inspired group fitness classes under the "Rumble" trade name, in addition to offering at home on-demand and live workouts on Rumble TV. The Company will also offer its customers related ancillary products and services related to this concept. The transaction terms include purchasing exclusive rights to establish and operate franchises under the "Rumble" trade name and use certain related assets for the purpose of establishing a franchise system. This acquisition is expected to enhance the Company's franchise offerings and provide a platform for future growth, which the Company believes is complimentary to its portfolio of franchises.

The transaction was accounted for as a business combination using the acquisition method of accounting, which requires the assets acquired to be recorded at their respective fair value as of the date of the transaction. The Company determined the preliminary estimated fair values after review and consideration of relevant information as of the acquisition date, including discounted cash flows, quoted market prices and estimates made by management. The fair values assigned to tangible and intangible assets acquired are preliminary based on management's estimates and assumptions and may be subject to change as additional information is received. We expect to finalize the valuation as soon as practicable, but not later than one year from the acquisition date. The following table summarizes the preliminary estimated fair values of the assets acquired and liabilities assumed:

Goodwill	$ 8,183
Franchise agreements	10,900
Trademark	1,400
Total purchase price	$ 20,483

The consideration resulted in goodwill of $8,183, which consists largely of the synergies and economies of scale expected from combining the assets of Rumble with the Company's franchise servicing operations. The fair values, which are Level 3 measurements, of the recognizable intangible assets are comprised of trademarks and franchise agreements. The fair value of trademarks was estimated by the relief from royalty method and are considered to have a ten-year life. The fair value of the franchise agreements was based on the excess earnings method and are considered to have a ten-year life. Inputs used in the methodologies primarily included sales forecasts, projected future cash flows, royalty rate and discount rate commensurate with the risk involved. The acquisition was not material to the results of operations of the Company.

Goodwill and intangible assets recognized from this acquisition are not expected to be tax deductible.

During the three months ended March 31, 2021, the Company incurred $229 of transaction costs directly related to the acquisitions, which is included in acquisition and transaction expenses in the condensed consolidated statements of operations.

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Notes to Condensed Consolidated Financial Statements
(Unaudited)
(amounts in thousands, except share and unit amounts)

Note 4 – Contract Liabilities and Costs from Contracts with Customers

Contract liabilities – Contract liabilities consist of deferred revenue resulting from franchise fees, development fees and master franchise fees paid by franchisees, which are recognized over time on a straight-line basis over the franchise agreement term. The Company also receives upfront payments from vendors under agreements that give the vendors access to franchisees' members to provide certain services to the members ("brand fees"). Revenue from the upfront payments is recognized on a straight-line basis over the agreement term and is reported in other service revenue. Also included in the deferred revenue balance are non-refundable prepayments for merchandise and equipment, as well as revenues for training, service revenue and on-demand fees for which the associated products or services have not yet been provided to the customer. The Company classifies these contract liabilities as either current deferred revenue or non-current deferred revenue in the condensed consolidated balance sheets based on the anticipated timing of delivery. The following table reflects the change in franchise development and brand fee contract liabilities for the three months ended March 31, 2021. Other deferred revenue amounts of $9,441 are excluded from the table as the original expected duration of the contracts is one year or less.

	Franchise development fees	Brand fees	Total
Balance at December 31, 2020	$ 76,371	$ 5,385	$81,756
Revenue recognized that was included in deferred revenue at the beginning of the year	(2,152)	(474)	(2,626)
Deferred revenue recorded as settlement in purchase accounting	(155)	—	(155)
Increase, excluding amounts recognized as revenue during the year	5,175	—	5,175
Balance at March 31, 2021	$ 79,239	$ 4,911	$84,150

The following table illustrates estimated revenue expected to be recognized in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as of March 31, 2021. The expected future recognition period for deferred franchise development fees related to unopened studios is based on management's best estimate of the beginning of the franchise license term for those studios. The Company elected to not disclose short term contracts, sales and usage-based royalties, marketing fees and any other variable consideration recognized on an "as invoiced" basis.

Contract liabilities to be recognized in revenue in	Franchise development fees	Brand fees	Total
Remainder of 2021	$ 3,347	$ 1,422	$ 4,769
2022	6,583	1,896	8,479
2023	7,927	1,593	9,520
2024	8,513	—	8,513
2025	8,609	—	8,609
Thereafter	44,260	—	44,260
	$79,239	$4,911	$84,150

Xponential Fitness LLC (a wholly owned subsidiary of H&W Franchise Holdings, LLC)

Notes to Condensed Consolidated Financial Statements
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The following table reflects the components of deferred revenue:

	December 31, 2020	March 31, 2021
Franchise and area development fees	$ 76,371	$ 79,239
Brand fees	5,385	4,911
Equipment and other	6,852	9,441
Total deferred revenue	88,608	93,591
Non-current portion of deferred revenue	74,361	77,436
Current portion of deferred revenue	$ 14,247	$ 16,155

Contract costs – Contract costs consist of deferred commissions resulting from franchise and area development sales by third-party and affiliate brokers and sales personnel. The total commission is deferred at the point of a franchise sale. The commissions are evenly split among the number of studios purchased under the development agreement and begin to be amortized when a subsequent franchise agreement is executed. The commissions are recognized on a straight-line basis over the initial ten-year franchise agreement term to align with the recognition of the franchise agreement or area development fees. The Company classifies these deferred contract costs as either current deferred costs or non-current deferred costs in the condensed consolidated balance sheet. The associated expense is classified within costs of franchise and service revenue in the condensed consolidated statements of operations. At December 31, 2020 and March 31, 2021, there were approximately $2,553 and $2,780 of current deferred costs and approximately $35,417 and $35,838 in non-current deferred costs, respectively. The Company recognized approximately $913 and $1,009 in franchise sales commissions expense for the three months ended March 31, 2020 and 2021, respectively.

Note 5 – Notes Receivable

The Company has provided unsecured advances or extended financing related to the purchase of the Company's equipment or franchise fees to various franchisees. These arrangements have terms of up to 18 months with interest typically based on LIBOR plus 700 basis points with an initial interest free period. The Company also provides loans to various franchisees through its relationship with Intensive Capital Inc. ("ICI") (see Note 9 for additional information). The Company accrues the interest as an addition to the principal balance as the interest is earned. Activity related to these arrangements is presented within operating activities in the condensed consolidated statements of cash flows.

The Company has also provided unsecured loans for the establishment of new or transferred franchise studios to various franchisees. These loans have terms of up to ten years and bear interest at fixed rates ranging from 7.75% to 15%, or variable rates based on LIBOR plus a specified margin. The Company accrues interest as an addition to the principal balance as the interest is earned. Activity related to these loans is presented within investing activities in the consolidated statements of cash flows.

At December 31, 2020 and March 31, 2021, the principal balance of the notes receivable was approximately $5,773 and $5,681, respectively. On a periodic basis, the Company evaluates its notes receivable balance and establishes an allowance for doubtful accounts, based on a number of factors, including evidence of the franchisee's ability to comply with the terms of the notes, economic conditions and historical collections. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. At December 31, 2020 and March 31, 2021, the Company has reserved approximately $1,909 as uncollectible notes receivable.

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(Unaudited)
(amounts in thousands, except share and unit amounts)

Note 6 – Property and equipment

Property and equipment consisted of the following:

	December 31, 2020	March 31, 2021
Furniture and equipment	$ 3,586	$ 3,612
Computers and software	6,451	7,671
Vehicles	12	12
Leasehold improvements	6,478	6,478
Construction in progress	1,201	599
Less: accumulated depreciation	(4,034)	(4,751)
Total property and equipment	$ 13,694	$ 13,621

Depreciation expense for the three months ended March 31, 2020 and 2021 was $615 and $716, respectively.

Note 7 – Goodwill and Intangible Assets

Goodwill represents the excess of cost over the fair value of identifiable net assets acquired related to the original purchase of the various franchise businesses and acquisition of Company-owned studios. Goodwill is not amortized but is tested annually for impairment or more frequently if indicators of potential impairment exist. During the three months ended March 31, 2021, there was an increase of $8,183 in previously reported goodwill due to the acquisition of Rumble as discussed in Note 3. Goodwill totals $139,680 and $147,863 at December 31, 2020 and March 31, 2021, respectively.

Intangible assets consisted of the following:

	Amortization period (years)	December 31, 2020			March 31, 2021		
		Gross amount	Accumulated amortization	Net amount	Gross amount	Accumulated amortization	Net amount
Trademarks	4 – 10	$ 1,420	$ (373)	$ 1,047	$ 2,825	$ (408)	$ 2,417
Franchise agreements	7.5 – 10	34,500	(11,498)	23,002	45,400	(12,567)	32,833
Reacquired franchise rights	7.5 – 8	158	(15)	143	322	(18)	304
Customer relationships	1	33	(26)	7	33	(33)	—
Non-compete agreement	5	1,400	(1,002)	398	1,400	(1,072)	328
Web design and domain	3 – 10	130	(44)	86	130	(51)	79
Deferred video production costs	3	1,150	(316)	834	1,433	(464)	969
Total definite-lived intangible assets		38,791	(13,274)	25,517	51,543	(14,613)	36,930
Indefinite-lived intangible assets:							
Trademarks	N/A	72,607	—	72,607	72,607	—	72,607
Total intangible assets		$ 111,398	$ (13,274)	$ 98,124	$ 124,150	$ (14,613)	$ 109,537

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Amortization expense for the three months ended March 31, 2020 and 2021 was approximately $1,212 and $1,339, respectively.

The anticipated future amortization expense of intangible assets is as follows:

Remainder of 2021	$ 4,864
2022	6,129
2023	5,869
2024	5,673
2025	5,578
Thereafter	8,817
Total	$ 36,930

Note 8 – Debt

On September 29, 2017, the Member obtained a five-year $55,000 term loan from a lender, along with a consortium of banks and other lenders (the "Facility"). The rights and obligations were then assigned to and assumed by the Company and St. Gregory Holdco, LLC ("STG") a subsidiary of the Member immediately following the consummation of a related party recapitalization transaction. The Facility also included a $3,000 revolving credit line for general corporate purposes. On June 28, 2018 and October 25, 2018, the Facility was amended to increase the aggregate available borrowings to $145,000, including a $10,000 revolving credit line, and to extend the maturity date to October 25, 2023. The debt was collateralized by substantially all of the Member's assets, including assets of the Member's subsidiaries. Borrowings under the term loan and revolving credit line carried an interest rate of LIBOR plus 6%.

The term loan required quarterly installments of 0.25% of the aggregate amount of Term A Loans through June 30, 2020, and 1.25% of the aggregate amount of Term A Loans each quarter thereafter, plus interest through the term of the loan, maturing October 25, 2023. The revolving credit line required interest only payments through the term of the loan, maturing October 25, 2023.

In December 2019, the Company entered into an amendment and waiver to the Facility. In connection with the amendment, the Company agreed to pay monthly fees of $500 beginning on February 1, 2020, increasing by $500 on the first of each subsequent month until the amounts outstanding under the Facility were repaid in full. In addition, the interest rate margin above LIBOR was to increase by 1% beginning on February 1, 2020, increasing by 1% on the first of each subsequent month until the amounts outstanding under the Facility were repaid in full. Further, installment payments on the Term A Loan were due in an amount equal to 1% of the aggregate amount of Term A Loans beginning on February 1, 2020. In addition, penalties of up to $1,500 were to be incurred if certain information was not provided on the respective due dates through February 2020. The lender was also entitled to purchase up to 1% of the Company's equity through the issuance of warrants if the Facility had not been refinanced by April 1, 2020, and that right was to increase by 1% in each subsequent month until refinanced.

In February 2020, the Company entered into a further amendment to the Facility that required a $30,000 principal payment, which was paid in February 2020 with the proceeds from an equity contribution (see Note 11). The amendment also reverted to the prior quarterly installment payment schedule and amended the monthly fees beginning March 1, 2020 to $1,000, increasing to $2,000 on August 1, 2020. The required information was provided by the due date related to $1,000 of penalties imposed by the December 2019 amendment. In February 2020, the Company paid $500 in penalties.

Xponential Fitness LLC (a wholly owned subsidiary of H&W Franchise Holdings, LLC)

Notes to Condensed Consolidated Financial Statements
(Unaudited)
(amounts in thousands, except share and unit amounts)

On February 28, 2020, the Company obtained a five-year $185,000 term loan from a lender, along with a consortium of other lenders (the "2020 Facility"). The 2020 Facility also includes a $10,000 revolving credit facility. The 2020 Facility is collateralized by substantially all of the Company's assets, including assets of the Company's subsidiaries. The 2020 Facility has an interest rate based on a reference rate or LIBOR, plus an applicable margin (8.125% at March 31, 2021). The proceeds of the term loan were used to repay borrowings, interest and fees outstanding under the Facility, and a $1,000 prepayment penalty on the Facility. In addition, $18,833 of the proceeds were distributed to the Member in March 2020. Principal payments of $925 are due quarterly beginning on June 30, 2020, and excess payments are required if the Company's cash flows exceed certain thresholds. As of March 31, 2021, the total amount available for borrowing was $4,193.

On March 24, 2021, the 2020 Facility was amended to provide for additional term loans in an amount up to $10,600, which amount was borrowed and the proceeds distributed to the Parent to fund a note payable under a $20,000 debt financing obligation in connection with the acquisition of Rumble (see Note 3 for additional information). Quarterly principal payments of $53 on the additional term loans will be due beginning June 30, 2021.

The 2020 Facility contains representations, conditions, covenants and events of default customary for similar facilities, including a total leverage ratio. As of March 31, 2021, the Company was in compliance with these covenants or had obtained a waiver for non-compliance. The 2020 Facility also includes certain restrictions including, among other things, restrictions on additional indebtedness, issuance of additional equity, payments or distributions to affiliates and entering into certain transactions with affiliates.

In April 2020, the Company received a loan in the amount of $3,665, pursuant to the Paycheck Protection Program ("PPP") administered by the U.S. Small Business Administration. The PPP is part of the Coronavirus Aid, Relief, and Economic Security Act, which provides for forgiveness of up to the full principal amount and accrued interest of qualifying loans guaranteed under the PPP. The loan matures April 17, 2022, bears interest at 1% per annum and requires no payments during the first 16 months from the date of the loan. As of March 31, 2021, the Company has applied for forgiveness of 100% of the loan.

The Company incurred debt issuance costs of $4,998 and $212 in the three months ended March 31, 2020 and 2021, respectively. Debt issuance cost amortization amounted to approximately $2,255 and $311 for the three months ended March 31, 2020 and 2021, respectively. Unamortized debt issuance costs as of December 31, 2020 and March 31, 2021 were $5,094 and $4,995, respectively, and are presented as a reduction to long-term debt in the condensed consolidated balance sheets.

Principal payments on outstanding balances of long-term debt as of March 31, 2021 were as follows:

	Amount
Remainder of 2021	$ 5,038
2022	5,508
2023	3,912
2024	3,912
2025	178,205
Total	$ 196,575

Xponential Fitness LLC (a wholly owned subsidiary of H&W Franchise Holdings, LLC)

Notes to Condensed Consolidated Financial Statements
(Unaudited)
(amounts in thousands, except share and unit amounts)

The carrying value of the Company's long-term debt approximated fair value as of December 31, 2020 and March 31, 2021 due to the variable interest rate, which is a Level 2 input, or proximity of debt issuance date to the balance sheet date.

Note 9 – Related Party Transactions

The Company has numerous transactions with the Member and the Parent and its affiliates. The significant related party transactions consist of borrowings from and payments to the Member and other related parties under common control of the Parent.

In September 2017, the Parent entered into a management services agreement with TPG Growth III Management, LLC ("TPG"), which was an affiliate of the Parent, to pay TPG an annual fee of $750 for management services provided to the Company. In June 2018, TPG assigned the management services agreement to H&W Investco Management LLC ("H&W Investco"), which is beneficially owned by a member of the Company's board of directors. During the three months ended March 31, 2020 and 2021, the Company recorded $220 and $192, respectively, of management fees included within SG&A expenses for services received from H&W Investco, including reimbursement for reasonable out-of-pocket expenses.

As of December 31, 2019, the Company recorded a reduction to Member's equity of $31,735, representing the net amount of funds advanced to the Member, as the Company determined that the Member had no plan to repay these amounts in the foreseeable future. The receivable from the Parent was repaid in February 2020. During the three months ended March 31, 2020, the Company provided net funds to STG aggregating $1,456 and recorded a corresponding reduction to member's equity for this same amount. During the three months ended March 31, 2021, the Parent repaid $2 of the receivable. The aggregate receivable from the Parent at December 31, 2020 and March 31, 2021 was $1,456 and $1,454, respectively.

In February 2020, the Member contributed $49,443 to the Company in satisfaction of the $31,735 at December 31, 2019 receivable with the remainder recorded as a contribution. The proceeds were used to make a $30,000 principal payment on the Company's outstanding term loan (see Note 8), with the remainder available for unrestricted use by the Company. Also, in February 2020, the Company returned $19,443 of the contribution to the Member, which was recorded as a distribution. Also, in the three months ended March 31, 2020, $53,760 of the proceeds from the borrowings under the 2020 Facility were forwarded to the Parent and recorded as a distribution.

The Company's Chief Executive Officer is the sole owner of ICI. ICI provides unsecured loans to the Company, which loans the funds to franchisees to purchase a franchise territory or to setup a studio. The Company records notes payable to ICI and notes receivable from the franchisees resulting from these transactions. The notes from ICI to the Company accrue interest at the time the loan is made, which is recorded as interest expense. The notes receivable begin to accrue interest 45 days after the issuance to the franchisee. At December 31, 2020 and March 31, 2021, the Company had recorded $94 and $93 of notes receivable and $86 and $86 of notes payable, respectively. The Company recognized $3 of interest income in the three months ended March 31, 2020 and 2021, and $4 and $3 of interest expense, respectively, for the three months ended March 31, 2020 and 2021.

In September 2019, the Company entered into a building lease agreement with Von Karman Production LLC, which is owned by the Company's Chief Executive Officer. Pursuant to the lease, the Company is obligated to pay monthly rent of $25 for an initial lease term of five years expiring on August 31, 2024. During the three months ended March 31, 2020 and 2021, the Company recorded expense related to this lease of $80.

Xponential Fitness LLC (a wholly owned subsidiary of H&W Franchise Holdings, LLC)

Notes to Condensed Consolidated Financial Statements
(Unaudited)
(amounts in thousands, except share and unit amounts)

The Company earns revenues and has accounts receivable and notes receivables from franchisees who are also shareholders of the Parent or officers of the Company. Revenues from these affiliates, primarily related to franchise revenue, marketing fund revenue and merchandise revenue, were $280 and $294 for the three months ended March 31, 2020 and 2021, respectively. Included in accounts receivable as of December 31, 2020 and March 31, 2021 is $9 and $14, respectively, for such sales. At December 31, 2020 and March 31, 2021, notes receivable from franchisees includes $135 and $128 and notes receivable from franchisees, net of current portion includes $2,093 and $2,145, respectively, related to financing provided to these affiliates.

Note 10 – Contingencies and Litigation

Litigation – In August 2020, Get Kaisered Inc., Kaiser Fitness LLC and Anna Kaiser (collectively, the "Plaintiffs") filed a complaint against the Company and the Member alleging, among other claims, breaches by the Company of an asset purchase agreement and a consulting agreement. The complaint seeks relief including monetary damages and injunctive relief. The Company intends to defend itself and a range of losses, if any, is not estimable. As a result, the Company has not recorded any liability for this matter in the consolidated balance sheets.

The Company is subject to normal and routine litigation brought by former or current employees, customers, franchisees, vendors, landlords or others. The Company intends to defend itself in any such matters. The Company believes that the ultimate determination of liability in connection with legal claims pending against it, if any, will not have a material adverse effect on its business, annual results of operations, liquidity or financial position; however, it is possible that the Company's business, results of operations, liquidity or financial condition could be materially affected in a particular future reporting period by the unfavorable resolution of one or more matters or contingencies during such period. The Company accrued for estimated legal liabilities and has entered into certain settlement agreements to resolve legal disputes, and recorded $679 and $231, which is included in accrued expenses on the condensed consolidated balance sheet as of December 31, 2020 and March 31, 2021, respectively.

Contingent consideration from acquisitions – In connection with the 2017 acquisition of CycleBar from a then affiliate of the Member, the Company recorded contingent consideration of $4,390 for the estimated fair value of the contingent payment. Payment of additional consideration is contingent on CycleBar reaching two milestones based on a number of operating franchise studios and average monthly revenues by September 2022. The first milestone payout was $5,000 and the second milestone was $10,000. The contingent consideration is measured at estimated fair value using a probability weighted discounted cash flow analysis. These inputs include the probability of achievement, the projected payment date and the discount rate of 8.5% used to present value the projected cash flows.

In March 2020, the Parent entered into an agreement with the former owners of CycleBar, which (i) decreased the second milestone amount to $2,500, (ii) imposes interest at 10% per annum on the first and second milestones beginning March 5, 2020 and April 2, 2020, respectively, and (iii) increases the interest rate to 14% on the first milestone if not paid prior to January 1, 2021. As a result, in March 2020, the Company recorded a reduction to the contingent consideration liability of $5,598 with an offsetting increase in Member's equity.

The Company recorded approximately $144 and $237 of additional contingent consideration as interest expense for the three months ended March 31, 2020 and 2021, respectively. At December 31, 2020 and March 31, 2021, the contingent consideration $8,100 and $8,336 recorded as contingent consideration from acquisitions, respectively, on the condensed consolidated balance sheets.

Xponential Fitness LLC (a wholly owned subsidiary of H&W Franchise Holdings, LLC)

Notes to Condensed Consolidated Financial Statements
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(amounts in thousands, except share and unit amounts)

In connection with the 2017 acquisition of Row House, the Company agreed to pay to the sellers 20% of operational or change of control distributions, subject to distribution thresholds, until the date there is a change in control or liquidation of Row House. During the three months ended March 31, 2020 and 2021, the Company recorded a reduction and an increase of ($308) and $120 to contingent consideration, of which $52 and $0 was recorded as interest expense and ($360) and $120 as acquisition and transaction expenses (income), respectively. As of December 31, 2020 and March 31, 2021, contingent consideration totals approximately $300 and $420, respectively. The Company determines the estimated fair value using a discounted cash flow approach, giving consideration to the market valuation approach, which is a Level 3 measurement. Inputs used in the methodology primarily included sales forecasts, projected future cash flows and discount rate commensurate with the risk involved.

In connection with the 2017 acquisition of Stretch Lab, the Company agreed to pay to the seller 20% of operational or change of control distributions, until the date there is a change of control or a liquidation of Stretch Lab. The Company determined the estimated fair value using a discounted cash flow approach, giving consideration to the market valuation approach, which is a Level 3 measurement. Inputs used in the methodology primarily included sales forecasts, projected future cash flows and discount rate commensurate with the risk involved. In September 2019, the Company entered into a settlement agreement with the Stretch Lab sellers to resolve disputes related to the acquisition and related agreements and to settle all amounts due under the contingent consideration. Under the terms of the settlement agreement, the Company will make payments to the sellers aggregating $6,500, which was recorded at the settlement date using a discount rate of 8.345%. At December 31, 2020 and March 31, 2021, the liability was $1,979 and $1,333 recorded as accrued expenses, respectively, on the condensed consolidated balance sheets. The Company made an initial payment of $1,000 in September 2019, and the first quarterly payment of $688 in December 2019. Quarterly payments of $688 will continue through September 2021.

In connection with the 2018 acquisition of AKT, the Company agreed to pay the seller 20% of operational or change of control distributions, subject to distribution thresholds until the date there is a change of control or a liquidation of AKT. During the three months ended March 31, 2020, the Company recorded a reduction to contingent consideration of ($403), of which $11 was recorded as interest expense and ($414) as acquisition and transaction expenses (income). As of December 31, 2020 and March 31, 2021, contingent consideration totals $0 in the condensed consolidated balance sheets. The Company determines the estimated fair value using a discounted cash flow approach, giving consideration to the market valuation approach, which is a Level 3 measurement. Inputs used in the methodology primarily included sales forecasts, projected future cash flows and discount rate commensurate with the risk involved.

In connection with the 2018 acquisition of Yoga Six, the Company is obligated to make additional payments for purchase consideration if certain events occur. Payment of additional consideration is contingent on Yoga Six reaching a milestone of opening a number of franchise studios before the fourth anniversary of the purchase date. The contingent consideration is measured at estimated fair value using a probability weighted discounted cash flow analysis. The inputs include the probability of achievement, the projected payment date and the discount rate of 8.5% used to present value the projected cash flows. At December 31, 2020 and March 31, 2021, the contingent consideration payable was $1,000 and $724, respectively, and is included in accrued expenses in the consolidated balance sheets.

In connection with the 2018 acquisition of Stride, the Company initially recorded contingent consideration of $1,869 for the estimated fair value of the contingent payments. Payment of additional consideration was

contingent on Stride reaching two milestones for opening franchise studios before the first anniversary of the purchase date. The contingent consideration is measured at estimated fair value using a probability weighted discounted cash flow analysis. These inputs include the probability of achievement, the projected payment date and the discount rate of 8.5% used to present value the projected cash flows. The contingent consideration agreement was modified in 2019 and 2020. Payments of additional consideration, as amended, are now contingent on Stride reaching milestones for opening two franchise studios and membership enrollments for such studios at various date through 2021. At December 31, 2020 and March 31, 2021, the contingent consideration of $250 was recorded as accrued expenses in the condensed consolidated balance sheets.

Note 11 – Member's Equity

Member's equity interest – As of December 31, 2020 and March 31, 2021, the Company had one class of membership interest which was held by the Member. Earnings per share data is not provided in the condensed consolidated financial statements as the Company is a single-member limited liability company with only one unit.

Member's contributions – As described in Note 3 and presented in the condensed consolidated statements of changes to Member's equity, during the three months ended March 31, 2021, the Parent contributed assets related to the Rumble acquisition. The fair value of assets contributed was $20,483.

As described in Note 9, in February 2020, the Member contributed $49,443 to the Company, of which $32,157 was in satisfaction of the receivable from the Member and the remainder was a member's contribution. Of this $49,443, $30,000 was used to paydown the principal on outstanding term loans under the Facility (see Note 8) with the remainder available for unrestricted use by the Company. Also, in February 2020, the Company returned $19,443 of the contribution to the Member, which was recorded as a distribution. Also, in 2020, $53,760 of the proceeds from the borrowings under the 2020 Facility were paid to the Parent and recorded as a distribution.

Note 12- Subsequent Events

The Company has evaluated subsequent events through June 3, 2021, which is the date the condensed consolidated financial statements were available to be issued.

On April 19, 2021, the Company entered into a Financing Agreement with Wilmington Trust, National Association, as administrative agent and collateral agent, and the lenders party thereto (the "Credit Agreement"), which consists of a $212,000 senior secured term loan facility (the "Term Loan Facility", and the loans thereunder, the "Term Loans"). The Company's obligations under the Credit Agreement are guaranteed by the Member and certain of the Company's material subsidiaries and are secured by substantially all of the assets of the Member and certain of the Company's material subsidiaries.

Under the Credit Agreement, the Company is required to make: (i) monthly payments of interest on the Term Loans and (ii) quarterly principal payments equal to 0.25% of the original principal amount of the Term Loans. Borrowings under the Term Loan Facility bear interest at a per annum rate of, at the Company's option, either (a) the LIBOR Rate (as defined in the Credit Agreement) plus a margin of 6.50% or (b) the Reference Rate (as defined in the Credit Agreement) plus a margin of 5.50%.

Xponential Fitness LLC (a wholly owned subsidiary of H&W Franchise Holdings, LLC)

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The Credit Agreement also contains mandatory prepayments of the Term Loans with: (i) 50% of the Member's and its subsidiaries' Excess Cash Flow (as defined in the Credit Agreement), subject to certain exceptions; (ii) 100% of the net proceeds of certain asset sales and insurance/condemnation events, subject to reinvestment rights and certain other exceptions; (iii) 100% of the net proceeds of certain extraordinary receipts, subject to reinvestment rights and certain other exceptions; (iv) 100% of the net proceeds of any incurrence of debt, excluding certain permitted debt issuances; and (v) up to $60,000 of net proceeds in connection with an initial public offering of at least $200,000, subject to certain exceptions.

All voluntary prepayments and certain mandatory prepayments of the Term Loan made (i) on or prior to the first anniversary of the closing date are subject to a 2.0% premium on the principal amount of such prepayment and (ii) after the first anniversary of the closing date and on or prior to the second anniversary of the closing date are subject to a 0.50% premium on the principal amount of such prepayment. Otherwise, the Term Loans may be paid without premium or penalty, other than customary breakage costs with respect to LIBOR Rate Term Loans.

The Credit Agreement contains customary affirmative and negative covenants, including, among other things: (i) to maintain certain total leverage ratios, liquidity levels and EBITDA levels (in each case, as discussed further in the Credit Agreement); (ii) to use the proceeds of borrowings only for certain specified purposes; (iii) to refrain from entering into certain agreements outside of the ordinary course of business, including with respect to consolidation or mergers; (iv) restricting further indebtedness or liens; (v) restricting certain transactions with affiliates; (vi) restricting investments; (vii) restricting prepayments of subordinated indebtedness; (viii) restricting certain payments, including certain payments to affiliates or equity holders and distributions to equity holders; and (ix) restricting the issuance of equity.

The Credit Agreement also contains customary events of default, which could result in acceleration of amounts due under the Credit Agreement. Such events of default include, subject to the grace periods specified therein, failure to pay principal or interest when due, failure to satisfy or comply with covenants, a change of control, the imposition of certain judgments and the invalidation of liens the Company has granted.

The proceeds of the Term Loan were used to repay principal, interest and fees outstanding under the 2020 Facility aggregating $195,633 (including a prepayment penalty of approximately $1,900) and for working capital and other corporate purposes. Principal payments of the Term Loan of $530 are due quarterly.

Shares

Xponential Fitness, Inc.

Class A Common Stock

PROSPECTUS

BofA Securities

Goldman Sachs & Co. LLC

Jefferies

, 2021

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

	Amount to Be Paid
Securities and Exchange Commission registration fee	$ *
Financial Industry Regulatory Authority, Inc. filing fee	*
Exchange listing fee	*
Transfer agent's fees	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Blue Sky fees and expenses	*
Miscellaneous	*
Total	$

* To be completed by amendment.

Each of the amounts set forth above, other than the Securities and Exchange Commission registration fee, the Financial Industry Regulatory Authority, Inc. filing fee and the exchange listing fee, is an estimate.

Item 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law, or DGCL, provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any threatened, pending or completed actions, suits or proceedings in which such person is made a party by reason of such person being or having been a director, officer, employee or agent to the Registrant. The DGCL provides that Section 145 is not exclusive of other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise. The Registrant's bylaws provide for indemnification by the Registrant of its directors, officers and employees to the fullest extent permitted by the DGCL. The Registrant has entered into indemnification agreements with each of its current directors and executive officers to provide these directors and executive officers additional contractual assurances regarding the scope of the indemnification set forth in the Registrant's certificate of incorporation and bylaws and to provide additional procedural protections. There is no pending litigation or proceeding involving a director or executive officer of the Registrant for which indemnification is sought.

Section 102(b)(7) of the DGCL permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payments of dividends or unlawful stock purchases, redemptions or other distributions or (iv) for any transaction from which the director derived an improper personal benefit. The Registrant's certificate of incorporation provides for such limitation of liability.

The Registrant maintains standard policies of insurance under which coverage is provided (a) to its directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act and (b) to the Registrant with respect to payments which may be made by the Registrant to such officers and directors pursuant to the above indemnification provision or otherwise as a matter of law.

The proposed form of underwriting agreement filed as Exhibit 1.1 to this registration statement provides for indemnification of directors and officers of the Registrant by the underwriters against certain liabilities.

Item 15. Recent Sales of Unregistered Securities

On January 23, 2020, the Registrant issued 1,000 shares of its Class A common stock to H&W Franchise Holdings LLC for $1.00. The issuance of such shares of Class A common stock was not registered under the Securities Act of 1933, as amended, or the Securities Act, because the shares were offered and sold in a transaction exempt from registration under Section 4(a)(2) of the Securities Act.

The following sets forth information regarding securities sold or issued by the predecessors to the Registrant in the three years preceding the date of this registration statement. No underwriters were involved in these sales. There was no general solicitation of investors or advertising, and we did not pay or give, directly or indirectly, any commission or other remuneration, in connection with the offering of these shares. In each of the transactions described below, the recipients of the securities represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the securities issued in these transactions.

LLC Unit Issuances

(1) On March 22, 2018, H&W Franchise Holdings LLC issued 3,798.9 Class A-1 units to one entity as consideration for its interests in certain assets utilized by certain fitness studios using the "AKT in Motion" and "AKT On Demand" trade names.

(2) On July 31, 2018, H&W Franchise Holdings LLC issued 5,716.9 Class A-1 units to one entity as consideration for its interests in certain assets relating to the operation of fitness studios operating under the "Yoga Six" trade name.

(3) On October 25, 2018, H&W Franchise Holdings LLC issued 159,306.1 Class A-3 units to one entity as consideration for its interests in Barre Holdco, LLC.

(4) On February 12, 2020, H&W Franchise Holdings LLC issued 5,000,000 of its Class A-4 Units to one entity at a purchase price of $10 per unit for an aggregate purchase price of $50 million.

(5) On August 31, 2020, H&W Franchise Holdings LLC issued 31,896.58 of its Class A-5 Units to three entities at a purchase price of $470.27 per unit for an aggregate purchase price of $15 million.

The offers, sales and issuances of the securities described in (1) through (8) above were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act or Rule 506 thereunder as transactions by an issuer not involving any public offering. The recipients in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof.

Profits Interest Plan Grants

(6) On February 27, 2018, H&W Franchise Holdings LLC granted an aggregate of 1,215.0 Class B units to one employee pursuant to its Profits Interest Plan.

(7) On October 24, 2018, H&W Franchise Holdings LLC granted an aggregate of 85,173.3 Class B units to nine employees pursuant to its Profits Interest Plan.

(8) On October 25, 2018, H&W Franchise Holdings LLC granted an aggregate of 25,515.0 Class B units to two employees pursuant to its Profits Interest Plan.

(9) On May 30, 2019, H&W Franchise Holdings LLC granted 1,215.0 Class B units to one board member pursuant to its Profits Interest Plan.

(10) On October 1, 2019, H&W Franchise Holdings LLC granted 25,500 Class B units to three employees pursuant to its Profits Interest Plan.

(11) On May 14, 2019, H&W Franchise Holdings LLC granted 1215.1 Class B units to one employee pursuant to its Profits Interest Plan.

The offers, sales and issuances of the securities described in (6) through (11) above were deemed to be exempt from registration either under Rule 701 promulgated under the Securities Act as transactions under compensatory benefit plans and contracts relating to compensation, or under Section 4(a)(2) transactions between an issuer and members of its senior executive management that did not involve any public offering within the meaning of Section 4(a)(2) of the Securities Act. The recipients of such securities were our employees, directors, or consultants and received the securities under the Registrant's Profits Interest Plan. Appropriate legends were affixed to the securities issued in these transactions.

Item 16. Exhibits and Financial Statement Schedules

(a) The following exhibits are filed as part of this registration statement:

Exhibit Number	Description
1*	Form of Underwriting Agreement
2^	Contribution Agreement dated as of March 24, 2021 among Rumble Parent LLC, Rumble Fitness, LLC and H&W Franchise Holdings, LLC
3.1#	Certificate of Incorporation of Xponential Fitness, Inc., as currently in effect
3.2*	Form of Amended and Restated Certificate of Incorporation of Xponential Fitness, Inc., to be in effect upon the pricing of this offering
3.3#	Bylaws of Xponential Fitness, Inc., as currently in effect
3.4*	Form of Amended and Restated Bylaws of Xponential Fitness, Inc., to be in effect upon the pricing of this offering
4.1*	Form of Class A Common Stock Certificate
5.1*	Opinion of Davis Polk & Wardwell LLP
10.1#	Lease for facilities at 17877 Von Karman, Irvine, California dated as of November 16, 2017 and amended on December 13, 2018
10.2#	Second Amended Monroe Credit Agreement dated as of October 25, 2018 among Xponential Fitness LLC and St. Gregory Holdco, as Borrowers, the other loan parties thereto and the lenders party thereto
10.3#	Second Amendment and Waiver to Second Amended and Restated Credit Agreement dated as of December 20, 2019
10.4#	Third Amendment to Second Amended and Restated Credit Agreement dated as of February 12, 2020
10.5	Financing Agreement dated as of February 28, 2020 among Xponential Intermediate Holdings, LLC, Xponential Fitness LLC, the listed Guarantors, the lenders party thereto and Cerberus Business Finance Agency, LLC

Exhibit Number	Description
10.6	First Amendment to Financing Agreement dated as of August 4, 2020 among Xponential Intermediate Holdings, LLC, Xponential Fitness LLC, the listed Guarantors, the lenders party thereto and Cerberus Business Finance Agency, LLC
10.7#	Second Amendment to Financing Agreement dated as of March 24, 2021 among Xponential Intermediate Holdings, LLC, Xponential Fitness LLC, the listed Guarantors, the lenders party thereto and Cerberus Business Finance Agency, LLC
10.8#+	Management Services Agreement dated as of September 29, 2017 between H&W Franchise Holdings and TPG Growth III Management, LLC
10.9#+	Assignment, Assumption, Waiver and Release Agreement dated as of June 28, 2018 among TPG Growth III Management, LLC, H&W Franchise Holdings LLC and H&W Investco, L.P.
10.10#+	Consulting Agreement dated as of June 30, 2018 between H&W Investco Management, LLC and Anthony Geisler
10.11*	Form of Amended and Restated Xponential Fitness LLC Operating Agreement
10.12*	Form of Tax Receivable Agreement with the ContinuingPre-IPO LLC Members and the Reorganization Parties
10.13*	Form of Registration Rights Agreement
10.14#+	Employment Agreement with Anthony Geisler dated as of September 26, 2017 and Assignment Agreement dated as of September 26, 2017
10.15#+	Employment Agreement with John Meloun dated as of June 18, 2018
10.16#+	Employment Agreement with Megan Moen dated as of September 26, 2017 and Assignment Agreement dated as of September 26, 2017
10.17#+	Employment Agreement with Ryan Junk dated as of July 1, 2020
10.18#+	First Amended and Restated Profits Interest Plan of H&W Franchise Holdings, LLC dated as of June 27, 2018
10.19#+	Club Pilates Franchise, LLC First Amended and Restated Phantom Equity Plan
10.20#+	CycleBar Holdco, LLC First Amended and Restated Phantom Equity Plan
21.1#	Subsidiaries of the Registrant
23.1*	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm, for Xponential Fitness Inc.
23.2*	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm, for Xponential Fitness LLC
23.3*	Consent of Davis Polk & Wardwell LLP (included in Exhibit 5.1)
23.4#	Consent of Frost & Sullivan
23.5#	Consent of Buxton Company
24.1*	Power of Attorney (included on signature page)

* To be filed by amendment.
\# Previously filed.
\+ Indicates management contract or compensatory plan.
^ Portions of the exhibit have been omitted as the Registrant has determined that: (i) the omitted information is not material; and (ii) the omitted information would likely cause competitive harm to the Registrant if publicly disclosed.

(b) The following financial statement schedule is filed as part of this registration statement:

Item 17. Undertakings

The undersigned registrant hereby undertakes:

(a) The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions referenced in Item 14 of this registration statement, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) For the purpose of determining liability under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Irvine, State of CA, on the day of , 2021.

Xponential Fitness, Inc.

By: _____
Name: Anthony Geisler
Title: Chief Executive Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Anthony Geisler, John Meloun and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and any and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agents full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or either of them or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
_____ Anthony Geisler	Chief Executive Officer (principal executive officer)	, 2021
_____ John Meloun	Chief Financial Officer (principal financial officer and principal accounting officer)	, 2021
_____ Mark Grabowski	Director	, 2021
_____ Marc Magliacano	Director	, 2021
_____ Brenda Morris	Director	, 2021

Exhibit 2

[***] = Certain information contained in this document, marked by brackets, has been omitted because it is both not material and would be competitively harmful if publicly disclosed.

CONTRIBUTION AGREEMENT

by and among

Rumble Holdings LLC

Rumble Parent LLC

Rumble Fitness LLC

and

H&W Franchise Holdings, LLC

Dated as of March 24, 2021

STRICTLY PRIVATE AND CONFIDENTIAL DRAFT FOR DISCUSSION PURPOSES ONLY. CIRCULATION OF THIS DRAFT SHALL NOT GIVE RISE TO ANY DUTY TO NEGOTIATE OR CREATE OR IMPLY ANY OTHER LEGAL OBLIGATION. NO LEGAL OBLIGATION OF ANY KIND WILL ARISE UNLESS AND UNTIL A DEFINITIVE WRITTEN AGREEMENT IS EXECUTED AND DELIVERED BY ALL PARTIES.

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CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT (this "Agreement") is entered into as of March 24, 2021, among Rumble Holdings LLC, a Delaware limited liability company (the "Seller"), Rumble Parent LLC, a Delaware limited liability company ("Parent"), Rumble Fitness, LLC, a New York limited liability company ("Rumble Fitness", and together with the Seller and Parent, the "Selling Parties"), and H&W Franchise Holdings, LLC, a Delaware limited liability company (the "Company").

WHEREAS, immediately prior to the date hereof, all of the issued and outstanding membership interests in the Seller were owned beneficially and of record by its equityholders (collectively, the "Equityholders") and all of the issued and outstanding membership interests in Rumble Fitness LLC, a New York limited liability company ("Oldco Rumble Fitness") were owned beneficially and of record by the Seller;

WHEREAS, immediately prior to the date hereof (a) the Seller formed Parent and all of the issued and outstanding membership interests in Parent were owned beneficially and of record by Seller and (b) Parent formed Rumble Merger Sub LLC, a Delaware limited liability company ("Merger Sub") and all of the issued and outstanding membership interests in Merger Sub were owned beneficially and of record by Parent;

WHEREAS, prior to the Closing the Seller merged with and into Merger Sub and pursuant to such merger the Seller was the surviving entity and by operation of law Seller became a direct subsidiary of Parent (the "Seller Merger");

WHEREAS, immediately prior to the date hereof (a) the Seller formed Rumble Fitness (formerly known as "New Rumble Fitness LLC") and all of the issued and outstanding membership interests in Rumble Fitness were owned beneficially and of record by the Seller and (b) Oldco Rumble Fitness merged with and into Rumble Fitness and pursuant to such merger Rumble Fitness was the surviving entity (the "Newco Merger");

WHEREAS, immediately prior to the Closing (a) Rumble Fitness distributed to Seller all of the Acquired Assets (as defined below) and (b) Seller distributed to Parent all of the membership interests in Rumble Fitness, the effect of which Rumble Fitness is a direct subsidiary of Parent (collectively, and together with the Seller Merger and the Newco Merger, the "Reorganization");

WHEREAS, the Seller owns the assets utilized in the operation of at home and web based classes and boutique studios which primarily provides boxing-based group fitness classes under the "Rumble" trade name and selling additional products and services ancillary thereto (the "Business");

WHEREAS, the Seller desires to contribute to the Company and the Company desires to assume certain assets owned by the Seller, which will be used by the Company in connection with the Franchise Business (as defined in Exhibit A); and

WHEREAS, Exhibit A of this Agreement contains definitions for certain defined terms used in this Agreement.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements contained in this Agreement, and for other good and valuable consideration, the Parties agree as follows:

ARTICLE 1 CONTRIBUTION, ISSUANCE AND DISTRIBUTION

1.1 Contribution, Issuance and Distribution

(a) On and subject to the terms of this Agreement, at the Closing, the Seller shall contribute, convey, assign, transfer and deliver to the Company, free and clear of all Liens (other than Permitted Encumbrances), and the Company shall assume, acquire and accept from the Seller, all right, title and interest of the Seller in, to and under the Acquired Assets, in exchange for (a) issuance by the Company of 39,540.5 Class A Units (the "Initial Units"), (b) the issuance by the Company of 61,573.5 Class A Units that are subject to vesting and forfeiture as provided in Section 1.1(b) below (the "Additional Units" and together with the Initial Units, the "Issued Units"), and (c) the assumption and discharge by the Company of the Assumed Liabilities, as such Assumed Liabilities mature according to their terms.

(b) Following the Closing, the Additional Units will vest as follows:

(i) Prior to the consummation of a Company Sale but after the consummation of a Public Offering, the Additional Units will vest, as follows:

(1) [***] Class A Units will vest, if the Class A Value Per Unit equals at least [***] per Class A Unit;

(2) [***] Class A Units will vest, if the Class A Value Per Unit equals at least [***] per Class A Unit; and

(3) [***] Class A Units will vest, if the Class A Value Per Unit equals at least [***] per Class A Unit.

(ii) If the Company consummates a Company Sale (excluding, for the avoidance of doubt, a Minority Sale) all of Seller's unvested Additional Units shall accelerate and vest immediately prior to the closing of such Company Sale to the extent Seller sells Class A Units in such Company Sale; provided, Seller will be required to sell an equal percentage of Initial Units and each tranche of Additional Units granted pursuant to Sections 1.1(b)(i)(1), (2), and (3) above.

(iii) In the event any Member of the Company sells more than [***] of theClass A-1 Units, Class A-2 Units and Class B Units (on a combined basis) in a single or series of related transactions to a party other than the Company or an existing Member (a "Minority Sale"), then Seller, at its sole discretion, may sell a number of Issued Units equal to the product of (x) the number Issued Units multiplied by (y) a fraction, (i) the numerator of which is the number of Class A-1 Units, Class A-2 Units and Class B Units to be sold in such transaction or

series of related transactions and (ii) the denominator of which is the total number of then issued and outstanding Class A-1 Units, Class A-2 Units and Class B Units without taking into account any Additional Units that would be subject to vesting in such transaction (the "Eligible Co-Sale Units"). Notwithstanding anything to the contrary contained herein, in the event of a Minority Sale, there will not be accelerated vesting of unvested Class A Units except to the extent that the number of vested Issued Units is less than number of Eligible Co-Sale Units, an additional number of Issued Units shall vest such that all Eligible Co-Sale Units are Vested Units ("Additional Vested Units"). For avoidance of doubt, in the event of a Minority Sale, the Seller will have full co-sale rights with respect to such transaction pursuant to Section 10.2 of the H&W LLC Agreement with respect to the EligibleCo-Sale Units. In the event there are Additional Vested Units, it will reduce on a one-to-one basis the number of Additional Units eligible for vesting pursuant to Section 1.1(b(1), (2) and (3) in equal proportions.

(iv) In the event that the Company fails to fund an advance under the Secured Promissory Note for any reason if the Disbursement Conditions (as defined in the Secured Promissory Note) have been met after ten (10) days of written notice and opportunity to cure.

(c) The number of Class A Units, related Class A Value Per Unit and other applicable price per Class A Unit thresholds set forth in this Section 1.1 will be subject to proportional adjustment for unit splits, unit dividends, recapitalizations and similar events, as determined in good faith by the Company.

(d) All Additional Units shall automatically vest immediately prior to the closing of a Company Sale or within five (5) Business Days of any such triggering event set forth in Section 1.1(b) without any further action on part of the Seller. The Seller agrees that any Class A Units issued pursuant to this Section 1.1 shall be subject to the terms and conditions of the H&W LLC Agreement or governing documents then in effect, including, without limitation, Section 12.1(c) of the H&W LLC Agreement.

(e) Studio Closures.

(i) At any time prior to the later of (x) the date twelve (12) months from the closing of a Public Offering or (y) the date twelve (12) months from the Closing Date, if any one of the "Rumble" fitness studios set forth on Schedule 1.1(e) hereto (as such schedule may be amended pursuant to Section 1.1(e)(ii) below) closes (a "Studio Closure" and such studio, a "Closed Studio") and no New Studio (as defined below) is designated, Seller shall forfeit an equal percentage of Initial Units and each tranche of Additional Units (pursuant to Sections 1.1(b)(i)(1), (2), and (3) above) in an amount equal to the "Applicable Forfeiture Percentage" for such "Rumble" fitness studio as set forth on Schedule 1.1(e). In such event, all Class A Units subject to forfeiture shall be automatically terminated by the Company. For the avoidance of doubt, any closure of a fitness studio due to the imposition of an Order by a Governmental Entity that prohibits in-studio operations or limits in-studio capacity due to the Covid-19 Pandemic shall not be a "Studio Closure".

(ii) Upon a Studio Closure, the Seller or its applicable Affiliate may designate another fitness studio by providing the Company with a written notice of such Studio Closure, which such notice identifies an additional "Rumble" fitness studio (a "New Studio") that will

replace such Closed Studio on Schedule 1.1(e) and the associated Applicable Forfeiture Percentage of the Closed Studio. So long as such New Studio identified is fully operational with at least 30 days of revenue at the time of such Studio Closure and is subject to a franchise agreement with the Company or its Affiliates, then the closure of the Closed Studio shall not result in a forfeiture of any Initial Units or Additional Units pursuant to Section 1.1(e)(i), provided, such New Studio must pay royalties under the applicable franchise agreement for a period of six (6) full calendar months from the date of such Studio Closure in an amount equal to or greater than the amount of royalties paid by the studio subject to such Studio Closure (measured based on the revenue of such studio set forth on Schedule 1.1(e)).

(iii) Notwithstanding anything in this Section 1.1(e) to the contrary, there shall be no forfeiture of any Initial Units or Additional Units if, prior to the Studio Closure (x) the Company makes an Early Termination Election (as defined in the Secured Promissory Note), (y) the Company fails to fund an advance under the Secured Promissory Note for any reason if the Disbursement Conditions (as defined in the Secured Promissory Note) have been met after ten (10) days of written notice and opportunity to cure or (z) the Company breached Section 13.1 of the Selling Party's franchise agreement relating to such Closed Studio.

1.2 The Acquired Assets

For purposes of this Agreement, the "Acquired Assets" means the following assets, properties and rights of the Seller, other than the Excluded Assets, which will be used in connection with the Franchise Business as contemplated to be conducted by the Company:

(a) all of the Seller's rights under the Contracts set forth on Schedule 1.2(a) (the "Assigned Contracts";

(b) except as set forth on Schedule 1.3(l) all Intellectual Property Rights that are either (i) owned or used by the Seller in the Business or in connection with the Acquired Assets, or (ii) licensed to the Seller from a Third Party (collectively, the "Seller Intellectual Property");

(c) all of Seller's rights, title and interest to manage, license and operate a Franchise System;

(d) all originals or copies of files, books and records, invoices, ledgers, sales, and acknowledgments of the Seller relating to the Acquired Assets;

(e) all prepayments prepaid expenses and credits in connection with the Acquired Assets;

(f) all choses in action, causes of action, claims, and demands of the Seller (whether known or unknown, matured or unmatured, accrued or contingent), as related to the Acquired Assets;

(g) except as set forth on Schedule 1.3(l), all marketing and advertising materials and the use of any toll free telephone numbers, and any websites or other Internet content owned or used by the Seller in the operation of the Business;

(h) the right to receive and retain mail, accounts receivable payments related to post-Closing periods and other communications relating to the Acquired Assets;

(i) all goodwill of the Seller as a going concern to the extent related to the Acquired Assets;

(j) to the extent transferable, all express or implied guarantees, warranties, representations, covenants, indemnities and similar rights in favor of the Seller in connection with the Acquired Assets (other than hereunder);

(k) except as set forth on Schedule 1.3(l), all vendor Information and all other Information used by the Seller in the operation of the Business; and

(l) the assets, properties, and rights listed and described on Schedule 1.2(l), if any.

1.3 Excluded Assets

Notwithstanding anything to the contrary set forth in this Agreement, other than the Acquired Assets, the Company is not acquiring, or taking any other assets, properties or rights of the Seller or the Business (the "Excluded Assets"), which for the avoidance of doubt the Excluded Assets shall include the following:

(a) any Tangible Property of Seller (except to the extent an Acquired Asset);

(b) the organizational documents, seals, minute books and other documents relating exclusively to the organization, maintenance and existence of the Seller as a legal entity, including taxpayer and other identification numbers; Tax Returns, Tax information and Tax records; auditors' work papers; all books and records prepared or received in connection with the sale of the Acquired Assets, including legal advice received in connection therewith, offers received from prospective purchasers and any information relating to such offers; and books and records related exclusively to the Excluded Assets or the Excluded Liabilities;

(c) All cash, certificates of deposit, bank deposits and accounts, negotiable instruments, marketable securities, investments and other cash equivalents of any type, together with all accrued but unpaid interest thereon;

(d) any rights that accrue or will accrue to the Selling Parties under this Agreement;

(e) all Contracts that are not Assigned Contracts;

(f) all insurance policies of the Seller and all rights to applicable claims and proceeds thereunder;

(g) the Seller's Benefit Plans and all assets thereof;

(h) all rights to receive and retain mail, accounts receivable payments related topre-Closing periods and other communications relating to the Business;

(i) any and all refunds of or credits relating to any Taxes of the Seller;

(j) all rights to choses in action, causes of action, claims, and demands of the Seller (whether known or unknown, matured or unmatured, accrued or contingent), as related to any Excluded Liability;

(k) all rights under all express or implied guarantees, warranties, representations, covenants, indemnities and similar rights in favor of the Seller to the extent relating to any Excluded Liability;

(l) the Intellectual Property Rights listed and described on Schedule 1.3(l); and

(m) the assets, properties, and rights listed and described on Schedule 1.3(m).

1.4 Assumption of Liabilities

At the Closing, the Company shall assume and agree to pay, discharge or perform, as appropriate, only the following Liabilities (the "Assumed Liabilities"):

(a) all of the executory obligations and Liabilities of the Seller arising from and after the Closing Date under the Assigned Contracts, but in each case excluding any Liabilities relating to any breach, Default or violation of the Contract by a Selling Party that occurred prior to the Closing Date; and

(b) all Liabilities related to the Acquired Assets solely to the extent arising on or after the Closing Date; and

1.5 Excluded Liabilities

Notwithstanding anything in this Agreement to the contrary, the Company shall not assume or be obligated to pay, perform or otherwise discharge any Excluded Liabilities. The term "Excluded Liabilities" shall mean all Liabilities, other than the Assumed Liabilities, including the following Liabilities:

(a) all Liabilities for or with respect to Excluded Taxes;

(b) all Liabilities for or with respect to non-compliance with Laws relating to the Business;

(c) all Liabilities to the extent arising from or relating to any Excluded Asset;

(d) all Change of Control Obligations or Transaction Expenses of the Selling Parties and their Affiliates;

(e) all Liabilities arising out of or in connection with any Indebtedness of the Selling Parties or any of their Affiliates;

(f) all Liabilities of any Selling Party or any of their Affiliates not arising from or relating to the Franchise Business;

(g) the matters set forth on Schedule 1.5(g); and

(h) any claim relating to all of the foregoing and all associated fees, costs and expenses.

ARTICLE 2 CLOSING

2.1 Time and Place of Closing

Consummation of the transactions contemplated by this Agreement (the "Closing") will take place simultaneously with the execution and electronic exchange of this Agreement by the parties hereto effective (for accounting and all other purposes) as of 12:01 a.m. on the date hereof (the "Closing Date").

2.2 Deliveries by Selling Parties

At the Closing, the Selling Parties will deliver or cause to be delivered to the Company the following:

(a) a duly executed counterpart of this Agreement;

(b) a duly executed counterpart of the Bill of Sale and Assignment and Assumption Agreement (the "Bill of Sale") in the form attached hereto as Exhibit B;

(c) a duly executed counterpart of a Trademark Assignment (the "Trademark Assignment") in the form attached hereto as Exhibit C;

(d) a duly executed counterpart of a Secured Promissory Note (the "Secured Promissory Note") in the form attached hereto as Exhibit E;

(e) a duly executed counterpart to an assignment and assumption of Franchise Agreement (the "Rumble Franchise Assignment") in the form attached hereto as Exhibit F, with respect to the locations set forth on Schedule 2.2(f);

(f) a duly executed counterpart to an Amendment and Joinder to the H&W LLC Agreement in the form attached hereto as Exhibit G (the "LLCA Amendment");

(g) a duly executed subscription agreement for the issuance of Class A Units in the form attached hereto as Exhibit H (the "Subscription Agreement");

(h) duly completed and executed IRS Form W-9 from Seller confirming that Seller (or in the case that Seller is disregarded from its owner, the owner(s) of interests in the Company for United States federal and state income tax purposes) is a "United States person" within the meaning of Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "Code"), and is not subject to backup withholding;

(i) evidence of releases of all Liens (other than Permitted Encumbrances) relating to the Acquired Assets including those set forth in Schedule 2.2(j);

(j) Restrictive Covenant Agreements in the form attached hereto as Exhibit I, duly executed by the Founders (collectively, the "Restrictive Covenant Agreements");

(k) a certificate executed by an officer of the Seller containing a true and correct copy of the minutes taken at a meeting of the board of managers of the Seller, at which the board of managers of the Seller approved and authorized this Agreement and each of the other Transaction Documents to which Seller is a party and each of the transactions contemplated hereby and thereby;

(l) a schedule listing the income tax basis of each depreciable Acquired Asset as of the Closing Date, along with applicable information regarding depreciation or other cost recovery methods of such assets; and

(m) all other documents, instruments and writings required to be delivered by the Seller at or prior to the Closing Date pursuant to this Agreement and the other Transaction Documents, and all other documents, instruments, declarations, affidavits and writings reasonably requested by the Company that are reasonably necessary to assign, convey, transfer and deliver to the Company, good and valid title to the Acquired Assets.

2.3 Deliveries by the Company

At the Closing, the Company will deliver or cause to be delivered the following to the Seller:

(a) a duly executed counterpart of this Agreement;

(b) a duly executed counterpart of the Bill of Sale;

(c) a duly executed counterpart of the Trademark Assignment;

(d) a duly executed counterpart of the Secured Promissory Note;

(e) a duly executed counterpart of the Rumble Franchise Assignment;

(f) a duly executed counterpart to the LLCA Amendment;

(g) a duly executed counterpart to the Subscription Agreement;

(h) duly executed counterparts to the Restrictive Covenant Agreement;

(i) a duly executed counterpart to the Transition Services Agreement;

(j) a certificate executed by an officer of the Company containing a true and correct copy of resolutions adopted by the Company's governing body approving and authorizing this Agreement and each of the other Transaction Documents to which the Company is a party and each of the transactions contemplated hereby thereby; and

(k) all other documents, instruments and writings required to be delivered by the Company at or prior to the Closing Date pursuant to this Agreement and the other Transaction

Documents, and all other documents, instruments, declarations, affidavits and writings reasonably requested by the Seller that are reasonably necessary for the Company to assume the Assumed Liabilities, for the Seller to convey the Acquired Assets or for the issuance of the Class A Units.

2.4 Further Assurances

On and after the Closing, upon the reasonable request of the Seller (on behalf of the Selling Parties), on the one hand, or the Company, on the other hand, the other Party shall prepare, execute and deliver such other agreements, instruments, and other documents, and take and perform such other actions, as may be reasonably necessary or appropriate to effectuate the purposes and intent of this Agreement and to consummate the transactions contemplated hereby. In this regard, the Selling Parties and the Company shall, and shall cause their respective Affiliates to, execute and deliver all such further instruments, and shall take such further actions, as may be reasonably necessary or appropriate to transfer the Acquired Assets and to assure the assumption by the Company from the Seller of the Assumed Liabilities and to otherwise make effective the transactions contemplated hereby, including execution of any award agreements, joinder agreements, or similar documents in connection with any Class A Units granted hereunder.

2.5 Tax Treatment.

The Parties intend and expect that the transactions contemplated by this Agreement will be treated, for purposes of U.S. federal income taxation (and any state income tax laws that incorporate or follow U.S. federal income tax principles), as constituting a contribution by Seller of all the Acquired Assets held by Seller to the Company in exchange for Class A Units in a transaction described in Section 721 of the Code.

2.6 Non-Assignable Assets

(a) Nothing in this Agreement nor the consummation of the transactions contemplated hereby shall be construed as an attempt or agreement to assign any Acquired Asset, which by its terms or by Law is non-assignable without the consent of, or other action by, a Third Party or a Regulatory Authority or is cancelable by a Third Party (or would otherwise adversely affect the rights of the Company or Seller thereunder) in the event of an assignment of such an asset (the "Non-Assignable Assets"), unless and until such consent shall have been obtained or such other requisite action shall have been taken.

(b) To the extent permitted by applicable Law, in the event that written consents to the assignment of aNon-Assignable Asset cannot be obtained prior to the Closing, the Selling Parties shall, on behalf of the Company, (i) provide to the Company the benefits of the Non-Assignable Asset in question accruing after the Closing Date; (ii) cooperate in any reasonable and lawful arrangement designed to provide such benefits to the Company; and (iii) enforce, at the request and expense of the Company and for the account of the Company, any rights of the Selling Parties arising from any such Non-Assignable Asset; and the Selling Parties will promptly pay to the Company all monies received by the Selling Parties under suchNon- Assignable Asset. So long as the Company is provided the benefit of any such Non-Assignable

Asset pursuant to its terms, the Company will perform or discharge, on behalf of the Selling Parties, the Selling Parties' obligations and liabilities under each such Non-Assignable Asset in accordance with the provisions thereof except for any obligations and liabilities under each suchNon-Assignable Asset that constitute an Excluded Liability. This Section 2.6(b) will not be construed to require the Selling Parties or the Company to assume any additional Liability hereunder or to perform under or assume any obligations with respect to such Non-Assignable Assets in excess of those required by the terms of such Non-Assignable Assets. Once a necessary consent is obtained, the applicableNon-Assignable Asset will be deemed to have been automatically transferred to the Company on the terms set forth in this Agreement with respect to the Acquired Assets transferred and assumed at the Closing, and consistent with the foregoing, the obligations pursuant to the applicable Non-Assignable Asset will be deemed to be Assumed Liabilities, and the rights pursuant to the applicable Non-Assignable Asset will be deemed to be Acquired Assets.

(c) As of and from the Closing Date, the Selling Parties on behalf of themselves and their Affiliates authorize the Company, to the extent permitted by applicable Law and the terms of the Non-Assignable Assets, at the Company's expense, to perform all the obligations and receive all the benefits of each such Selling Party or such party's respective Affiliates under the Non-Assignable Assets.

ARTICLE 3 REPRESENTATIONS & WARRANTIES OF THE SELLING PARTIES

As a material inducement to Company to enter into this Agreement and consummate the transactions contemplated hereby, each Selling Party jointly and severally represents and warrants to the Company that:

3.1 Organization and Qualification

Each Selling Party is duly formed, validly existing and in good standing under the Laws of the state of its organization as indicated in the Recitals. Each Selling Party has furnished to the Company a complete and accurate copy of its current certificate of formation, operating agreements, bylaws or similar governing documents, as amended or restated. Seller has all necessary power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on the Business as currently conducted. Seller has obtained and currently maintains all qualifications to do business and is in good standing in each jurisdiction in which the ownership or use of the Acquired Assets or the operation of the Business as currently conducted would require it to be so qualified and each such jurisdiction is set forth on Schedule 3.1, except where the failure to maintain such qualifications would not reasonably be expected to result in a Material Adverse Effect. Neither Seller nor Rumble Fitness owns any Subsidiaries. Parent holds beneficially and of record all of the equity interests of Seller and Rumble Fitness, free and clear of all Liens (other than restrictions on transfer arising from federal and state securities Laws).

3.2 Power and Authority; Validity; Enforceability

Each Selling Party has the power and authority to enter into and perform its obligations under the Transaction Documents to which it is a party. All instruments or documents executed

by the Selling Parties in connection with the Transaction Documents have been duly authorized, executed and delivered and, assuming the due and valid execution and delivery thereof by the other parties thereto, constitute valid and binding obligations of the Selling Parties, enforceable in accordance with their terms except as such enforceability may be subject to bankruptcy, moratorium, receivership, insolvency, reorganization, arrangement, voidable preference, fraudulent conveyance and other similar Laws relating to or affecting the rights of creditors and except as the same may be subject to the effect of general principles of equity (the "Bankruptcy and Equity Exceptions"). No other corporate (including shareholder, member or equivalent by the Equityholders) proceeding on the part of any Selling Party is necessary to authorize the execution, delivery or performance of the Transaction Documents or the consummation of the transactions contemplated thereby.

3.3 No Violation

Except as provided on Schedule 3.3, the execution of the Transaction Documents by the Selling Parties and the performance of all obligations contained therein does not and will not: (a) conflict with the Seller's governing documents, (b) violate any Laws, (c) result in the creation or imposition of any Lien, (d) result in a breach, Default, termination, acceleration or penalties under any Contract, Permit or other instrument to which any Selling Party is a party or any of their assets or properties is bound, or (e) require the Consent of, filing with or notice to any Third Party, including any Regulatory Authority other than compliance with federal or state securities or "blue sky" Laws.

3.4 Financial Statements

Attached as Schedule 3.4 are correct and complete copies of the consolidated (y) audited balance sheet and related statement of income and cash flows of the Selling Parties for the year ending December 31, 2018 and (z) unaudited balance sheets and related statements of income of the Selling Parties for the year ending December 31, 2019 (collectively, the "Historical Financial Statements"), and the consolidated unaudited balance sheets and related statements of income of the Selling Parties (the "Interim Financial Statements" and together with the Historical Financial Statements, the "Financial Statements") for the year ending December 31, 2020 (the "Interim Financial Statement Date"). Except as set forth in Schedule 3.4, the Financial Statements have been prepared from the books and records of the Selling Parties in accordance with GAAP and present fairly in all material respects the financial position and results of operation and statements of cash flows of the Business as at the dates and for the periods indicated. The Selling Parties have no Liabilities which are not fully and adequately accrued or reserved against in the Interim Financial Statements, other than (a) Liabilities incurred in the Ordinary Course of Business since the Interim Financial Statement Date, none of which either individually or in the aggregate are material in amount, (b) ordinary course executory obligations or Liabilities under any Contracts to which the Seller or Rumble Fitness is a party (other than Liabilities for breach of contract, breach of warranty, tort, infringement or litigation), or (c) Excluded Liabilities. The books, records, and accounts of the Seller and Rumble Fitness accurately and fairly reflect the transactions and the assets and Liabilities of the Business in all material respects. All of the Indebtedness of the Seller as of the date hereof is set forth on Schedule 3.4. The accounts receivable reflected on the Interim Financial Statements and the accounts receivable arising after the date thereof (x) have arisen from bona fide transactions entered into by Seller or Rumble

Fitness involving the sale of goods or the rendering of services (or, in the case of non-trade accounts or notes, represent amounts receivable in respect of other bona-fide business transactions) in the Ordinary Course of Business consistent with past practice and are payable on ordinary trade terms and (y) constitute only valid, undisputed claims of Seller or Rumble Fitness not subject to claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the Ordinary Course of Business consistent with past practice. The reserve for bad debts shown on the Interim Balance Sheet or, with respect to accounts receivable arising after the date of the Interim Balance Sheet, on the accounting records of the Business have been determined in accordance with GAAP. No Person has any Lien (other than Permitted Encumbrances) on such accounts receivable or any part thereof, and no agreement for deduction, free goods, discount or other deferred price or quantity adjustment has been made with respect to any such accounts receivable.

3.5 Title to and Condition of the Acquired Assets

(a) The Seller has good, valid and marketable title to the Acquired Assets, free and clear of any Liens (other than Permitted Encumbrances).

(b) Except as set forth on Schedule 3.5, the Acquired Assets include all Intellectual Property Rights necessary for or used or usable in the conduct of the Business. Other than the assets set forth on Schedule 1.3(l), none of the Excluded Assets that constitute Intellectual Property Rights are material to the Business.

(c) No Selling Party has granted any power of attorney affecting the Acquired Assets.

3.6 Contracts

(a) Schedule 3.6(a) contains a true and correct list of all of the following Contracts, including all amendments, extensions, renewals, guaranties and other agreements with respect thereto (the "Business Contracts"):

(i) any licensing agreement or other agreement related to the use, possession, marketing, sale, practice or other exploitation of any Seller Intellectual Property and any licensing agreement or other agreements relating to any Intellectual Property Rights used in the Business, excluding (i) non-exclusive licenses for unmodified, off-the-shelf Software licensed for aggregate fees of less than $200,000; (ii) licenses for open source Software; and (iii) licenses for Software or other Intellectual Property Rights embedded in any equipment, fixtures, components, or finished products (collectively, the "Intellectual Property Agreements");

(ii) any employment Contract or sales commission agreement requiring annual payments in excess of $100,000 and any collective bargaining agreement;

(iii) any Contract with any independent contractor, consultant or Leased Worker requiring annual payments in excess of $100,000;

(iv) any Contract granting any Person a Lien on all or any part of any of the Acquired Assets;

(v) any Contract granting to any Person an option or a first refusal, first-offer or similar preferential right to use, purchase or acquire any of the Acquired Assets;

(vi) Contracts with any material suppliers; and

(vii) any Contract not otherwise included in the foregoing that is material to the Business.

(b) Each of the Business Contracts is in full force and effect, and, to the Knowledge of the Selling Parties, there exists no Default under any of the Business Contracts. Except as set forth on Schedule 3.6(b), each Business Contract that is an Assigned Contract is fully assignable without the Consent of any Third Party. No rights of the Seller under any Business Contract that is an Assigned Contract have been assigned or otherwise transferred, including as security for any obligation of any Person.

(c) Except as indicated on Schedule 3.6(c), there exists no actual or, to the Knowledge of the Selling Parties any threatened, termination or limitation of, or any modification to any Business Contract. As of the date of this Agreement, none of the Selling Parties have any Knowledge of any breach or anticipated breach of any of the Business Contracts.

3.7 Seller Intellectual Property

(a) Schedule 3.7(a) contains a complete and accurate list of (i) all of the registered and applied-for Intellectual Property Rights and material unregistered trademarks and Software that are owned, in whole or in part, or claimed to be owned, by the Seller and used in the Business anywhere in the world (the "Owned Seller Intellectual Property"), and (ii) all other material Intellectual Property Rights used in the Business, except in each case, for Intellectual Property Agreements (together with the Owned Seller Intellectual Property, collectively, the "Material Seller Intellectual Property"). The Seller Intellectual Property constitutes all of the Intellectual Property Rights necessary for the conduct of the Business as presently conducted and as proposed to be conducted. The Seller owns all rights, title and interests in or otherwise has a written license or other license to use all the Seller Intellectual Property free and clear of all Liens other than the Permitted Encumbrances.

(b) Except as set forth on Schedule 3.6(a) or as excluded under Section 3.6(a), there are no instruments, licenses, contracts, or other agreements governing or relating to any Owned Seller Intellectual Property.

(c) The Selling Parties have taken commercially reasonable steps to maintain, enforce and preserve the confidentiality of all Trade Secrets included in the Seller Intellectual Property. No current or former employee, contractor or consultant of any Selling Party has any right, title or interest, directly or indirectly, in whole or in part, in any material Seller Intellectual Property. Each Selling Party has obtained from all Persons who have created any material Seller

Intellectual Property valid and enforceable written assignments of any such Seller Intellectual Property to Selling Party or such Seller Intellectual Property is owned by Seller by operation of law. To the Knowledge of the Selling Parties, no Person is in violation of any such written confidentiality or assignment agreements.

(d) (i) All of the Material Seller Intellectual Property is valid and enforceable; (ii) during the three (3) years immediately prior to the date hereof, no written claim by any Third Party contesting the validity, enforceability, use or ownership of any of the Material Seller Intellectual Property has been made, is currently outstanding or is threatened in writing; (iii) to the Knowledge of the Selling Parties, during the three (3) years immediately prior to the date hereof, neither any Selling Party nor the Business has infringed, misappropriated or otherwise violated, and neither any Selling Party nor the Business currently infringes, misappropriates or otherwise violates, the Intellectual Property Rights of any Third Party in the jurisdictions in which the Business operates and has operated; (iv) during the three (3) years immediately prior to the date hereof, no Selling Party has received written notices regarding any of the foregoing set forth in (iii) hereof (including any demands or offers to license any Intellectual Property Rights from any Third Party); (v) to the Knowledge of the Selling Parties, during the three (3) years immediately prior to the date hereof, no Third Party has infringed, misappropriated or otherwise violated any of the Material Seller Intellectual Property in the jurisdictions in which the Business operates and has operated. Neither the execution, delivery, or performance of this Agreement, nor the consummation of the transactions contemplated hereunder, will result in the loss or impairment of or payment of any additional amounts with respect to, or require the consent of any other Person in respect of, the Company's right to own or use any Seller Intellectual Property in the conduct of the Business as currently conducted. Immediately following the Closing, all Seller Intellectual Property will be owned or available for use by the Company on substantially the same terms as such was owned or available for use by Seller immediately prior to the Closing.

(e) All registered Material Seller Intellectual Property complies in all material respects with applicable formal legal requirements necessary to maintain such Intellectual Property Rights before the applicable registrar as of the Closing Date, and all registrations thereof are subsisting and in full force and effect. No cancellation, termination, expiration or abandonment of any material Material Seller Intellectual Property (except with regard to natural expiration) is anticipated by the Selling Parties. All required filings and fees related to any registered Material Seller Intellectual Property as of the Closing Date have been timely submitted with and paid to the relevant Regulatory Authorities and authorized registrars.

(f) The computer software, computer firmware, computer hardware (whether general purpose or special purpose), electronic data processing, information, record keeping, communications, telecommunications, Third Party Software, networks, peripherals and computer systems, including any outsourced systems and processes, and other similar or related items of automated, computerized and/or software systems that are used or relied on by the Seller in the operation of its Business (collectively, "Seller Information Systems") are adequate for the operation of the Business and the Selling Parties have purchased a sufficient number of license seats for all software used by the Seller in such operations. With respect to the Seller Information Systems: (i) the Seller has a disaster recovery plan in place and has adequately tested such disaster recovery plan for effectiveness; (ii) the Seller has taken commercially reasonable steps

and implemented commercially reasonable procedures to ensure that such Seller Information Systems are free from contaminants, including the use of commercially available antivirus software with the intention of protecting the Seller's products from becoming infected by viruses and other harmful code; (iii) there have been no successful unauthorized intrusions or breaches of the security of the Seller Information Systems; (iv) during the three (3) years immediately prior to the date hereof, there has not been any malfunction that has not been remedied or replaced, or any unplanned downtime or service interruption. The operation of the Business by the Seller is and, for the past three (3) years, has been in compliance in all material respects with all applicable Privacy and Security Requirements. The Seller has valid and legal rights to access or use all Personal Data that is accessed and used by or on behalf of the Seller. The Seller has established and maintained Privacy Policies as required by applicable Privacy Laws, and Privacy Policies are posted on each of the Seller's websites and online services as required by applicable Laws.

(g) The Seller has not experienced any Security Breaches and the Seller has not received any written or, to the Knowledge of Seller, other claims, demands, or other notices including a notice of investigations from any Person (including any Regulatory Authority) regarding the Selling Parties' non-compliance with Privacy and Security Requirements.

(h) To the extent required by Privacy and Security Requirements, the Seller uses, and requires all Third Parties who have access to or receive Personal Data from the Seller to use, commercially reasonable safeguards designed to protect all Personal Data to protect against unauthorized access or use.

3.8 Litigation

Except as listed on Schedule 3.8, there is, and has in the last three (3) years been, no material Litigation pending or, to the Knowledge of the Selling Parties, threatened against the Selling Parties, the Business, any of the Acquired Assets, or the Business' insurance policies or any of the officers of the Selling Parties in regards to their actions as such, including with respect to any matter arising from or related to Covid-19 or Covid-19 Measures (whether regarding contractual, labor, employment, benefits or other matters). To the Knowledge of the Selling Parties, no event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Litigation. There are no outstanding Orders and no unsatisfied judgments, penalties, or awards against or affecting the Selling Parties, any of the Acquired Assets, or the Assumed Liabilities.

3.9 Absence of Changes

Except as set forth on Schedule 3.9, since the Interim Financial Statement Date, there has been no Material Adverse Effect, and the Selling Parties have operated in the Ordinary Course of Business in all material respects and have not:

(a) had a Material Adverse Effect;

(b) had any change in the assets, liabilities, financial condition, prospects or operations from that reflected in the Interim Financial Statements, other than changes in the Ordinary Course of Business none of which individually or in the aggregate has had or is

reasonably expected to have a Material Adverse Effect and none of which relate to breach of contract, breach of warranty, tort, infringement, misappropriation, violation of Law or any Litigation;

(c) entered into any Contract that would constitute a Business Contract or had any acceleration, termination, amendment, modification, waiver or change in any Business Contract or Permit;

(d) entered into any new line of business, opened, relocated, or closed of any branch, office, servicing, or other facility by, or abandonment or discontinuance of any existing lines of business;

(e) mortgaged, pledged or subjected to or allowed to exist any Lien on any Acquired Assets, except for Permitted Encumbrances or Liens that have been or will be released on or prior to the Closing;

(f) incurred, assumed or guaranteed any Indebtedness for borrowed money except unsecured current obligations, Indebtedness incurred under the Credit Agreement, dated as of October 2, 2019, by and among Rumble Fitness, Seller, the lenders identified therein and Raven Asset-Based Credit Fund I LP, as amended, and Liabilities incurred in the Ordinary Course of Business;

(g) cancelled any debts or claims or amendment, termination or waiver of any rights constituting Acquired Assets;

(h) transferred, assigned, sold or otherwise disposed of any of the Acquired Assets shown or reflected on the Interim Financial Statement, except for the sale of inventory in Ordinary Course of Business;

(i) transferred, assigned or granted any license or sublicense under or with respect to any Seller Intellectual Property used in the Business other than in the Ordinary Course of Business;

(j) abandoned, lapsed or failed to maintain in full force and effect any material Seller Intellectual Property;

(k) had any material damage, destruction or loss, or any material interruption in use, of any Acquired Assets, whether or not covered by insurance;

(l) made any loan to (or forgiveness of any loan to), or entry into any other transaction with, any current or former directors, officers or employees of the Business;

(m) adopted any plan of merger, consolidation, reorganization, liquidation or dissolution or filed any petition in bankruptcy under any provisions of federal or state bankruptcy Law or consented to the filing of any bankruptcy petition against it under any similar Law;

(n) changed any method of financial accounting or financial accounting practice for the Business, except as required by GAAP as disclosed in the notes to the Financial Statements;

(o) changed cash management practices and policies, practices and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts receivable, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits; or

(p) made any agreement to do any of the foregoing, or any action or omission that would result in any of the foregoing.

3.10 Insurance

The Acquired Assets, the business operations of the Business and its employees are insured under various policies of general liability and other forms of insurance, of the type and in the amounts customarily carried by Persons conducting a business similar to the Business and are sufficient for compliance in all material respects with all applicable Laws and Contracts to which Seller is a party or by which it is bound. All premiums payable under all such policies have been paid, and the Selling Parties are otherwise in compliance in all material respects with the terms and conditions of all such policies. There are no claims related to the Business, the Acquired Assets or the Assumed Liabilities pending under any such insurance policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. Neither Seller nor any of its Affiliates has received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, any of such insurance policies. All such insurance policies (a) are in full force and effect and enforceable in accordance with their terms; (b) are provided by carriers who are financially solvent; and (c) have not been subject to any lapse in coverage. None of Seller or any of its Affiliates is in default under, or has otherwise failed to comply with, in any material respect, any provision contained in any such insurance policy. True and complete copies of the insurance policies have been made available to Company.

3.11 Labor Matters

(a) The Selling Parties have not experienced any organized slowdown, work interruption, strike, work stoppage or union organizing campaigns by its employees. No Selling Party is a party to or has any obligation pursuant to any oral and legally binding or written agreement, collective bargaining or otherwise, with any party regarding the rates of pay or working conditions of any of the employees of any Selling Party, nor is any Selling Party obligated under any Contract, Order or Law to recognize or bargain with any labor organization or union on behalf of such employees.

(b) The Selling Parties have complied in all material respects with all applicable federal, state, local and foreign Laws concerning the employment relationships it maintains with its employees and with all agreements relating thereto, including provisions thereof relating to wages, hours, health and safety, discrimination, equal opportunity, harassment, immigration, collective bargaining and the payment of social security, wage, payroll and other Taxes. There is no pending or, to the Knowledge of the Selling Parties, Labor Claims against any Selling Party threatened. No Selling Party has implemented any employee layoffs or facility closures that could implicate the Worker Adjustment and Retraining Notification Act of 1988, as amended, or

any similar or related Law. Except as would not, individually or in the aggregate, reasonably be expected to result in material Liability to the Selling Parties, each Person who has provided or is providing services to a Selling Party, and has been classified as a consultant, independent contractor, or temporary or leased employee, has been properly classified as such under all applicable Laws including relating to wage and hour and Tax.

(c) To the Knowledge of the Selling Parties, no employee or service provider is subject to any Contract (other than a contract between such employee or service provider and Seller that is a Business Contract) that purports to restrict such employee or service provider from engaging in any line of business that is competitive with any Person or providing services to (or soliciting the provisions of services to) any Person.

3.12 Employee Benefit Plans

Except as disclosed on Schedule 3.12, each Employee Benefit Plan of the Selling Parties ("Seller Benefit Plans") complies with and has been administered in all material respects with the Employee Retiree Income Security Act of 1974, as amended ("ERISA"), the Code, and all other statutes, rules and regulations, agreements and instruments by which it is governed. There are no pending investigations by any Regulatory Authority involving any Seller Benefit Plan and, to the Knowledge of the Selling Parties, no threatened or pending claims against any Seller Benefit Plan (except for claims for benefits payable in the normal operation of the Seller Benefit Plans). All contributions to, and payments from, each Seller Benefit Plan have been timely made. The Seller and its Affiliates have complied in all material respects with the continuation coverage requirements of Section 1001 of the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), and ERISA Sections 601 through 608. No Seller Benefit Plan is a plan that is subject to Title IV of ERISA, and no Seller Benefit Plan provides health or other welfare benefits to former employees of the Business other than health continuation coverage pursuant to COBRA or similar state laws. Each Seller Benefit Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service or is the subject of a favorable opinion letter from the Internal Revenue Service on the form of such Seller Benefit Plan and there are no facts or circumstances that would be reasonably likely to adversely affect the qualified status of any such Seller Benefit Plan.

3.13 Taxes

(a) The Selling Parties, Oldco Rumble Fitness and Merger Sub (as applicable) have prepared and timely filed (or have had so prepared and timely filed on their behalf) with the appropriate domestic federal, state, local and foreign Regulatory Authorities all Tax Returns required to be filed and have timely paid all Taxes due and owing, whether or not showing on any Tax Return. All such Tax Returns have been complete and correct in all respects. There are no Liens for Taxes upon any of the Acquired Assets nor is any taxing authority in the process of imposing any Liens for Taxes on any of the Acquired Assets. No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of any Selling Party, Oldco Rumble Fitness or Merger Sub.

(b) No Litigation is pending or, to the Knowledge of the Selling Parties, threatened by any jurisdiction alleging that a Selling Party has a duty to file Tax Returns and pay Taxes or is

otherwise subject to the taxing authority of any jurisdiction, nor does any Selling Party have any Knowledge or received any notice or questionnaire from any jurisdiction which suggests that a Selling Party may have a duty to file such Tax Returns and pay such Taxes.

(c) There is no Litigation concerning any Tax Liability of any Selling Party that relates to any of the Business, the Acquired Assets, or for which the Company may become liable. All deficiencies asserted, or assessments made, against any Selling Party as a result of any examinations by any Regulatory Authority have been fully paid.

(d) Seller has withheld and timely paid to any Tax authority all Taxes required to be withheld and paid in connection with any amount paid or owing to any employee, independent contractor, creditor, member, or other Third Party, including any sales, employment, unemployment, use or excise tax, including any tax required to be collected from customers and remitted to any Tax authority or any Governmental Entity and has complied with any backup withholding provisions of applicable Law. Seller has retained adequate and proper proof of any exemption from any sales or use tax, including any resale certificates, or similar documents.

(e) No Selling Party is a party to or has engaged in any transaction that is a "listed transaction" under Section 1.6011-4(b)(2) of the Treasury Regulations. Seller is not a "foreign person" as that term is used in Treasury Regulations Section 1.1445-2. Seller is not a member of an affiliated group (within the meaning of Section 1504 or the Code). Seller is not subject to any "tax sharing" or similar agreement. Seller is not, and has not been, a party to, or a promoter of, a "reportable transaction" within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulations Section 1.6011-4(b).

(f) Neither of Seller, Parent, New Rumble Fitness, Merger Sub, or Oldco Rumble Fitness has been a member of an affiliated group filing consolidated, combined, unitary, or similar tax returns (other than the consolidated group of which Seller is the common parent or has had any liability for the Taxes of any Person, including under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or non-U.S. law), as a transferee or successor, by contract, or otherwise.

3.14 Compliance with Laws; and Permits

(a) Except as set forth on Schedule 3.14(a), the Selling Parties have complied and are in compliance in all material respects with all applicable Laws and no written notices have been received by and, to the Knowledge of the Selling Parties, no material claims have been threatened or filed against any Selling Party alleging a violation of any such Laws.

(b) The Selling Parties hold all Permits material to the conduct of the Business or ownership of the Acquired Assets. The Selling Parties are in compliance in all material respects with all terms and conditions of any such Permits, and all fees and charges with respect to such Permits as of the date hereof have been paid in full. Schedule 3.14(b) lists all current Permits issued to Seller which are related to the conduct of the Business as currently conducted or the ownership and use of the Acquired Assets, including the names of the Permits and their respective dates of issuance and expiration. No event has occurred that, with or without notice or lapse of time or both, could reasonably be expected to result in the revocation, suspension, lapse,

limitation, or any material adverse change in the status or terms and conditions of any Permit set forth on Schedule 3.14(b). With respect to any such Permits or authorizations to be transferred to the Company, Seller has undertaken all measures necessary to facilitate transferability of the same, and to the Knowledge of the Seller there is no condition, event or circumstance that might prevent or impede the transferability of the same.

3.15 Related Person Transactions

Schedule 3.15 sets forth each Related Person Transaction in the last five (5) years, including any services and the use of any assets or properties provided to or by the Business, except for employment and benefit arrangements, including employment agreements, incentive compensation and equity arrangements. Except as set forth on Schedule 3.15 and the transactions contemplated by the Transaction Documents, from and after the Closing Date, the Franchise Business shall have no obligation to engage in any Selling Party Related Person Transaction and shall not be bound by any agreement or commitment with respect to any Selling Party Related Party Transaction, and no Selling Party Related Person will have any interest in any Acquired Assets.

3.16 Franchise Matters

Except as disclosed on Schedule 3.16, no Person has operated a "Rumble" franchise system or offered or sold "Rumble" franchises. Except as disclosed on Schedule 3.16, no Selling Party has offered or sold or otherwise granted any rights to any Person conferring upon that Person, and no Person has any rights to, area development, area representative, master franchise, subfranchise or other multi-unit or multilevel rights with respect to the "Rumble" brand.

3.17 COVID-19 Pandemic; CARES Act

(a) Since the onset of the COVID-19 Pandemic, the Selling Parties have complied, in all material respects, with all Laws relating to COVID-19, including those relating to (i) shelter- in-place and quarantine orders, (ii) the maintenance of safe and acceptable working conditions, including by making disclosures regarding positive cases of COVID-19 among employees or service providers of Seller, and (iii) employee benefits, privacy or labor and employment, including with respect to the furlough or termination of employees or the reduction or modification of compensation or employee benefits, if any.

(b) The Selling Parties have complied with the CARES Act in all material respects.

3.18 Brokers and Finders

Except as disclosed on Schedule 3.18 (all of which are Transaction Expenses), no Selling Party or any Related Person of them has incurred any Liability to any party for any brokerage fees, agent's commissions, or finder's fees in connection with the transactions contemplated by the Transaction Documents.

3.19 No Other Representations

EXCEPT AS SPECIFICALLY SET FORTH IN THIS ARTICLE 3 OR IN ANY OTHER TRANSACTION DOCUMENT DELIVERED BY ANY SELLING PARTY, NO SELLING PARTY NOR ANY OF THEIR RESPECTIVE AFFILIATES MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER RELATING TO ANY SELLING PARTY, THE ACQUIRED ASSETS, OR ANY OTHER MATTER RELATING TO THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING, WITHOUT LIMITATION, AS TO THE OPERATION OF THE ACQUIRED ASSETS AFTER THE CLOSING IN ANY MANNER.

ARTICLE 4 REPRESENTATIONS & WARRANTIES OF THE COMPANY

As a material inducement to Company to enter into this Agreement and consummate the transactions contemplated hereby, the Company represents and warrants to the Seller that:

4.1 Organization and Qualification; Capitalization

(a) The Company is a limited liability company, duly formed, validly existing and in good standing under the Laws of the State of Delaware. The Company has furnished to the Selling Parties a complete and accurate copy of its current certificate of formation, operating agreements, bylaws or similar governing documents, as amended or restated. The Company has all necessary power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as currently conducted. The Company has obtained and currently maintains all qualifications to do business and is in good standing in each jurisdiction in which the ownership or use of its assets or property or the operation of its business as currently conducted would require it to be so qualified, except where the failure to maintain such qualifications would not reasonably be expected to result in a Material Adverse Effect. The Company has no Subsidiaries except for those set forth on Schedule 4.1(a)(ii). Schedule 4.1(a)(ii) sets forth the issued and outstanding equity interests of each Subsidiary set forth therein, which are owned of record and as set forth therein.

(b) The H&W LLC Agreement, as provided to Seller, sets forth the issued and outstanding equity interests of the Company, which are owned of record and as set forth therein. Except as set forth therein, no other equity interests of the Company are authorized, issued or outstanding. Each issued and outstanding equity interest of the Company is duly authorized and validly issued and was issued in compliance with all applicable Laws. There are no declared or accrued but unpaid dividends or other distributions with respect to any equity interests of the Company. Except as set forth in the H&W LLC Agreement, there are no (i) outstanding securities convertible or exchangeable into equity interests of the Company, (ii) options, warrants, calls, subscriptions, conversion rights, exchange rights, purchase rights, preemptive rights or other rights, agreements or commitments obligating the Company to issue, transfer or sell any equity interests or (iii) voting trusts, proxies or other agreements or understandings to which the Company is bound with respect to the voting, transfer or other disposition of its equity interests. Except as set forth on Schedule 4.1(b), there are no outstanding or authorized equity interests appreciation, phantom equity interests, unit appreciation rights, profit participation or similar rights with respect to the Company. There are no restrictions on the transfer of the

Company's equity interests other than those arising from federal and state securities Laws or as set forth in the H&W LLC Agreement. All equity interests issued by the Company have been issued in transactions exempt from registration under the Securities Act and the rules and regulations promulgated thereunder and all applicable state securities or "blue sky" Laws, and the Company has not materially violated the Securities Act or any applicable state securities or "blue sky" Laws in connection with the issuance of any such equity interests.

4.2 Power and Authority; Validity; Enforceability

The Company has all requisite power and authority to execute and deliver this Agreement and the other Transaction Documents to which it is a party and to perform its obligations hereunder and thereunder. All instruments or documents executed by the Company in connection with the Transaction Documents have been duly authorized, executed and delivered and, assuming the due and valid execution and delivery thereof by the other parties thereto, constitute valid and binding obligations of the Company, enforceable in accordance with their terms except as such enforceability may be subject to the Bankruptcy and Equity Exceptions. No other corporate (including shareholder, member or equivalent by the Company's equityholders) proceeding on the part of the Company is necessary to authorize the execution, delivery or performance of the Transaction Documents or the consummation of the transactions contemplated thereby.

4.3 Litigation

Except as listed on Schedule 4.3, there is, and has in the last three (3) years been, no Litigation pending or, to the Knowledge of the Company, threatened in writing against the Company, any Subsidiary or any of their respective properties which (a) adversely affects or challenges the legality or enforceability of the Transaction Documents or the Class A Units, or (b) could have or could reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any Subsidiary, nor any director or officer thereof, is or has been the subject of any Litigation involving a claim or violation or Liability under federal or state security laws or a claim of breach of a fiduciary duty.

4.4 No Violation

Except as provided on Schedule 4.4, the execution of the Transaction Documents by the Company and the performance of all obligations contained therein does not and will not: (a) conflict with the Company's governing documents, (b) assuming that all consents, approvals and authorizations described in Schedule 4.4 have been obtained, violate any Laws, (c) result in the creation or imposition of any Lien, (d) result in a breach, Default, termination, acceleration or penalties under any Contract, Permit or other instrument to which the Company is a party or any of its assets or properties is bound, or (e) require the Consent of, filing with or notice to any Third Party, including any Regulatory Authority other than (i) compliance with federal or state securities or "blue sky" Laws, (ii) such Consents, filings or notices as may be required as a result of the identity of the Seller and its Affiliates, (iii) where the failure to receive such Consents or make such filings or notices would not, individually or in the aggregate (A) prevent or materially delay the consummation of the transactions contemplated by this Agreement or (B) reasonably be expected to be materially adverse to the Company taken as a whole.

4.5 Financial Statements

Attached as Schedule 4.5 are correct and complete copies of the consolidated audited balance sheets and related statements of income and cash flows of Xponential Fitness, LLC, a Delaware limited liability company ("Xponential") and its Subsidiaries for the years ending December 31, 2018 and December 31, 2019 ("Xponential's Historical Financial Statements"), and the consolidated unaudited balance sheet and related statement of income of Xponential ("Xponential's Interim Financial Statements" and together with the Historical Financial Statements, "Xponential's Financial Statements") as of December 31, 2020 ("Xponential's Interim Financial Statement Date"). The Xponential's Financial Statements have been prepared from the books and records of Xponential in accordance with GAAP and present fairly in all material respects the financial position and results of operation and statements of cash flows of Xponential as at the dates and for the periods indicated; except as may be stated in the notes thereto and that the Xponential's Interim Financial Statements are subject to normal year-end adjustments and lack the footnote disclosures otherwise required by GAAP. Neither Xponential nor its Subsidiaries have any Liabilities of a nature required to be set forth on a balance sheet prepared in accordance with GAAP which are not fully and adequately accrued or reserved against in Xponential's Interim Financial Statements, other than (a) Liabilities incurred in the Ordinary Course of Business since Xponential's Financial Statement Date, or (b) ordinary course executory obligations or Liabilities under any Contracts to which Xponential or any of its Subsidiaries is a party (other than Liabilities for breach of contract, breach of warranty, tort, infringement or litigation). The books, records, and accounts of Xponential and its Subsidiaries accurately and fairly reflect the transactions and the assets and Liabilities of Xponential and its Subsidiaries in all material respects. The accounts receivable reflected on the Interim Financial Statements and the accounts receivable arising after the date thereof (x) have arisen from bona fide transactions entered into by Xponential or its Subsidiaries involving the sale of goods or the rendering of services (or, in the case of non-trade accounts or notes, represent amounts receivable in respect of other bona-fide business transactions) in the Ordinary Course of Business consistent with past practice and are payable on ordinary trade terms and (y) to the Knowledge of the Company, constitute only valid, undisputed claims of Xponential or its Subsidiaries not subject to claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the Ordinary Course of Business consistent with past practice. The reserve for bad debts shown on Xponential's Interim Balance Sheet or, with respect to accounts receivable arising after the date of Xponential's Interim Balance Sheet, on the accounting records of Xponential have been determined in accordance with GAAP.

4.6 Absence of Changes

Except as set forth on Schedule 4.6, since Xponential's Interim Financial Statement Date, each of the Company and its Subsidiaries have operated in the Ordinary Course of Business in all material respects and has not:

(a) had a Material Adverse Effect;

(b) incurred, assumed or guaranteed any material Indebtedness for borrowed money except unsecured current obligations, Indebtedness and Liabilities incurred in the Ordinary Course of Business;

(c) cancelled any material debts or claims or issued any amendment, termination or waiver of any rights thereto;

(d) had any material damage, destruction or loss, or any material interruption in use, of any of its material assets, whether or not covered by insurance;

(e) adopted any plan of merger, consolidation, reorganization, liquidation or dissolution or filed any petition in bankruptcy under any provisions of federal or state bankruptcy Law or consented to the filing of any bankruptcy petition against it under any similar Law;

(f) changed any method of financial accounting or financial accounting practice for the Business, except as required by GAAP as disclosed in the notes to Xponential's Financial Statements;

(g) changed cash management practices and policies, practices and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts receivable, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits; or

(h) made any agreement to do any of the foregoing, or any action or omission that would result in any of the foregoing.

4.7 Compliance With Law

(a) Except as set forth on Schedule 4.7(a), the Company and its Subsidiaries are in compliance in all material respects with all applicable Laws and no written notices have been received by and to the Knowledge of the Company, no material claims have been threatened in writing or filed against the Company or any of its Subsidiaries alleging a violation of any such Laws.

(b) The Company and its Subsidiaries hold all Permits material to the conduct of their respective businesses. The Company and its Subsidiaries are in compliance in all material respects with all terms and conditions of any such Permits, and all fees and charges with respect to such Permits as of the date hereof have been paid in full.

4.8 Company Intellectual Property

(a) Schedule 4.8(a) contains a complete and accurate list of all of the registered and applied-for Intellectual Property Rights and material unregistered trademarks and Software that are owned, in whole or in part, by the Company or its Subsidiaries (collectively, the "Company Intellectual Property"). The Company owns all rights, title and interests in and to all the Company Intellectual Property free and clear of all Liens other than Permitted Encumbrances.

(b) The Company has taken commercially reasonable steps to maintain, enforce, and preserve the confidentiality of all Trade Secrets included in the Company Intellectual Property. No current or former employee, contractor or consultant of the Company has any right, title or interest, directly or indirectly, in whole or in part, in any material Company Intellectual Property.

The Company has obtained from all Persons who have created any material Company Intellectual Property valid and enforceable written assignments of any such Company Intellectual Property to the Company or such Company Intellectual Property is owned by the Company by operation of law. To the Knowledge of the Company, no Person is in violation of any such written confidentiality or assignment agreements.

(c) All of the material Company Intellectual Property is valid and enforceable. Except as would not reasonably be expected to result in a Material Adverse Effect, during the three (3) years immediately prior to the date hereof, no written claim by any Third Party contesting the validity, enforceability, use, or ownership of any of the material Company Intellectual Property has been made, is currently outstanding, or is threatened in writing. Except as would not reasonably be expected to result in a Material Adverse Effect, to the Knowledge of the Company, during the three (3) years immediately prior to the date hereof, neither the Company, nor the operation of the business of the Company has infringed, misappropriated, or otherwise violated, and neither the Company nor the operation of the business of the Company currently infringes, misappropriates, or otherwise violates, the Intellectual Property Rights of any Third Party in the jurisdictions in which the Company operates and has operated its business. Except as would not reasonably be expected to result in a Material Adverse Effect, during the three (3) years immediately prior to the date hereof, the Company has not received any written notices regarding any of the foregoing (including any demands or offers to license any Intellectual Property Rights from any Third Party). Except as would not reasonably be expected to result in a Material Adverse Effect, to the Knowledge of the Company, during the three (3) years immediately prior to the date hereof, no Third Party has infringed, misappropriated, or otherwise violated any of the Seller Intellectual Property in the jurisdictions in which the Company operates or has operated its business. Neither the execution, delivery, or performance of this Agreement, nor the consummation of the transactions contemplated hereunder, will result in the loss or impairment of or payment of any additional amounts with respect to, or require the consent of any other Person in respect of, the Company's right to own or use any Company Intellectual Property in the conduct of the business of the Company as currently conducted. Immediately following the Closing, all Company Intellectual Property will be owned or available for use by the Company on substantially the same terms as such was owned or available for use by the Company immediately prior to the Closing.

(d) All registered Company Intellectual Property complies in all material respects with applicable formal legal requirements necessary to maintain such Intellectual Property Rights before the applicable registrar as of the Closing Date, and all registrations thereof are subsisting and in full force and effect. No cancellation, termination, expiration or abandonment of any material Company Intellectual Property (except with regard to natural expiration) is anticipated by the Company. All required filings and fees related to any registered Company Intellectual Property as of the Closing Date have been timely submitted with and paid to the relevant Regulatory Authorities and authorized registrars.

(e) The Company has not experienced any Security Breaches and the Company has not received any material written or other claims, demands, or other notices including a notice of investigations from any Person (including any Regulatory Authority) regarding the Company's non-compliance with Privacy and Security Requirements.

4.9 Insurance

The business operations of the Company, the Company's Subsidiaries and their respective employees are insured under various policies of general liability and other forms of insurance, of the type and in the amounts customarily carried by Persons conducting a business similar to their respective businesses, as applicable, and are sufficient for compliance, in all material respects, with all applicable Laws and Contracts to which the Company and its Subsidiaries, as applicable, is a party or by which it is bound. All premiums payable under all such policies have been paid, and the Company and its Subsidiaries, as applicable, are otherwise in compliance in all material respects, with the terms and conditions of all such policies. Neither the Company nor any of its Affiliates has received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, any of such insurance policies. All such insurance policies (a) are in full force and effect and enforceable in accordance with their terms; (b) are provided by carriers who are financially solvent; and (c) have not been subject to any lapse in coverage. None of the Company or any of its Affiliates is in default under, or has otherwise failed to comply with, in any material respect, any provision contained in any such insurance policy.

4.10 Labor Matters

(a) None of the Company or any of its Subsidiaries have experienced any organized slowdown, work interruption, strike, work stoppage or union organizing campaigns by its employees. None of the Company or any of its Subsidiaries is a party to or has any obligation pursuant to any oral and legally binding or written agreement, collective bargaining or otherwise, with any party regarding the rates of pay or working conditions of any of the employees of any of the Company or its Subsidiaries, nor is any of the Company or its Subsidiaries obligated under any Contract, Order or Law to recognize or bargain with any labor organization or union on behalf of such employees.

(b) Each of the Company and its Subsidiaries have complied in all material respects with all applicable federal, state, local and foreign Laws concerning the employment relationships it maintains with its employees and with all agreements relating thereto, including provisions thereof relating to wages, hours, health and safety, discrimination, equal opportunity, harassment, immigration, collective bargaining and the payment of social security, wage, and payroll Taxes. There is no pending or, to the Knowledge of the Company, Labor Claims against the Company or any of its Subsidiaries threatened in writing. None of the Company or any of its Subsidiaries has implemented any employee layoffs or facility closures that could implicate the Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar or related Law. Except as would not, individually or in the aggregate, reasonably be expected to result in material liability to the Company or any of its Subsidiaries, taken as a whole, each Person who has provided or is providing services to the Company or any of its Subsidiaries, and has been classified as a consultant, independent contractor, or temporary or leased employee, has been properly classified as such under all applicable Laws, including relating to wage and hour and Tax.

(c) To the Knowledge of the Company, no employee or service provider of the Company or any of its Subsidiaries is subject to any Contract (other than a contract between such

employee or service provider and Company or its Subsidiaries) that purports to restrict such employee or service provider from engaging in any line of business that is competitive with any Person or providing services to (or soliciting the provisions of services to) any Person.

4.11 Employee Benefit Plans

Except as disclosed on Schedule 4.11, each Employee Benefit Plan of the Company and its Subsidiaries (collectively, the "Company Benefit Plans") complies with and has been administered in all material respects with the ERISA, the Code, and all other statutes, rules and regulations, agreements and instruments by which it is governed. There are no pending investigations by any Regulatory Authority involving any Company Benefit Plan and, to the Knowledge of the Company, no threatened in writing or pending claims against any Company Benefit Plan (except for claims for benefits payable in the normal operation of the Company Benefit Plans). All contributions to, and payments from, each Company Benefit Plan have been timely made. The Company and its Affiliates have complied in all material respects with the continuation coverage requirements of Section 1001 of COBRA, and ERISA Sections 601 through 608. No Company Benefit Plan is a plan that is subject to Title IV of ERISA, and no Company Benefit Plan provides health or other welfare benefits to former employees of the Business other than health continuation coverage pursuant to COBRA or similar state laws. Each Company Benefit Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service or is the subject of a favorable opinion letter from the Internal Revenue Service on the form of such Company Benefit Plan and there are no facts or circumstances that would be reasonably likely to adversely affect the qualified status of any such Company Benefit Plan.

4.12 COVID-19 Pandemic; CARES Act

(a) Since the onset of the COVID-19 Pandemic, the Company and its Subsidiaries have complied, in all material respects, with all Laws relating to COVID-19, including those relating to (i) shelter-in-place and quarantine orders, (ii) the maintenance of safe and acceptable working conditions, including by making disclosures regarding positive cases of COVID-19 among employees or service providers of the Company and its Subsidiaries, and (iii) employee benefits, privacy or labor and employment, including with respect to the furlough or termination of employees or the reduction or modification of compensation or employee benefits, if any.

(b) The Company and its Subsidiaries have complied with the CARES Act in all material respects.

4.13 Related Person Transactions

Schedule 4.13 sets forth each current Related Person Transaction, including any services and the use of any assets or properties provided to or by the Company or any of its Subsidiaries, except for (a) employment and benefit arrangements, including employment agreements, incentive compensation and equity arrangements, and (b) any such transactions carried out on arms-length terms.

4.14 Brokers and Finders

The Company has not incurred any Liability to any party for any brokerage fees, agent's commissions, or finder's fees in connection with the transactions contemplated by the Transaction Documents.

4.15 No Other Representations; Independent Investigation

(a) EXCEPT AS SPECIFICALLY SET FORTH IN THIS ARTICLE 4 OR IN ANY OTHER TRANSACTION DOCUMENT DELIVERED BY THE COMPANY, NEITHER THE COMPANY NOR ANY OF ITS AFFILIATES MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER RELATING TO THE COMPANY OR ANY OTHER MATTER RELATING TO THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING, WITHOUT LIMITATION, AS TO THE OPERATION OF THE COMPANY OR ITS AFFILIATES OR THE ACQUIRED ASSETS AFTER THE CLOSING IN ANY MANNER.

(b) The Company has conducted its own independent investigation, review and analysis of the Acquired Assets as it has deemed appropriate, which investigation, review and analysis was done by Company and its representatives. In entering into this Agreement and the other Transaction Documents, Company acknowledges that it has relied solely upon the aforementioned investigation, review and analysis and not on any factual representations or opinions of the Selling Parties (except the representations and warranties set forth in the Transaction Documents). The Company hereby acknowledges and agrees that other than the representations and warranties set forth in the Transaction Documents, no Selling Party or any of their respective managers, directors, officers, employees or representatives, makes or have made any representation or warranty, express or implied as to any matter whatsoever relating to any Selling Party or the Acquired Assets, or any other matter relating to the transaction contemplated hereby.

ARTICLE 5 POST CLOSING COVENANTS

5.1 Selling Party Acknowledgements

Each Selling Party acknowledges that (a) the Seller owns the Acquired Assets, including the goodwill of the Business and (b) such Selling Party's interest in the Acquired Assets represents a substantial interest in the Acquired Assets. Pursuant to this Agreement, the Seller desires to and shall contribute to the Company all of such Seller's ownership interest in the Acquired Assets and, at the Closing, the Seller shall receive valuable consideration for all of Seller's ownership interest in the Acquired Assets, and the Selling Parties therefore have a material economic interest in the consummation of the transactions contemplated hereby.

5.2 Non-Solicitation or Hiring of Employees

(a) Until the expiration of five (5) years following the Closing Date, the Selling Parties shall not, directly or indirectly, hire, either as an employee, consultant or otherwise, or solicit any individual who was employed or engaged as an independent contractor by the Company or any of its Affiliates or the Seller during the six (6) month period prior to the Closing

Date or who is so employed or engaged by the Company or its Affiliates following the Closing, to terminate his or her employment or consulting relationship with the Company, or its Affiliates or to enter into employment or a consulting relationship with any other Person.

(b) Notwithstanding anything to the contrary contained in this Agreement, no Person will be prohibited from engaging in general solicitations for employees or independent contractors in the ordinary course of business, including any search firm engagement which, in any such case, is not directed or focused on employees of the Company, any Selling Party or any of their respective Affiliates.

5.3 Non-Solicitation of Franchisees

Until the expiration of five (5) years following the Closing Date, the Selling Parties shall not, directly or indirectly, for their own benefit or the benefit of others (other than the Company and its Affiliates), solicit or attempt to solicit any Person to whom the Company or its Affiliates entered a Franchise Agreement with prior to the Closing Date to enter into a Franchise Agreement with any Person other than the Company or its Affiliates.

5.4 Covenant Not to Compete.

Until the expiration of five (5) years following the Closing Date, the Selling Parties shall not, and each Selling Party shall cause its Affiliates under the control of such Selling Party not to, directly or indirectly, (a) engage in or have any financial interest in any Competing Business, (b) serve as an agent, consultant, financing source, employee, director, or in a position similar to any of the foregoing, for any Competing Business in the Restricted Territory or (c) own, manage, operate, join, control or participate in the ownership, management, operation or control, of, any Competing Business in the Restricted Territory whether in corporate, proprietorship or partnership form. The Parties agree that this Agreement shall not prevent any Selling Party from owning up to 1% individually, or 5% in the aggregate, of the issued and outstanding shares of any class of stock of a corporation traded on a regulated securities exchange. "Competing Business" means the operation of a business that (i) primarily provides boxing-based group fitness classes and/or (ii) offers and/or grants franchises or licenses for the right to operate such a business, in each case other than "Rumble" branded franchises pursuant to Franchise Agreements with the Company or any of its Subsidiaries. "Restricted Territory" shall mean North America.

5.5 Confidential Information

(a) After the Closing, the Selling Parties shall hold in confidence all Confidential Information that is in possession or control of the Selling Parties and shall not use such Confidential Information, nor disclose such Confidential Information to any Third Party, without the prior written consent of the Company. The Selling Parties agree to use the same standard of care in maintaining the confidentiality of the Confidential Information in the Selling Parties' possession (including after the Closing) that the Selling Parties use with respect to their own confidential information, but in no event shall it use less than a reasonable standard of care.

(b) Notwithstanding the foregoing, each Party shall be permitted to disclose such confidential information or Confidential Information, as applicable: (a) to Third Parties with a

need for access pursuant to the Order or requirement of a Regulatory Authority, or as required by applicable Laws (provided, that such Party gives as much notice as is reasonably possible to the other Party to contest such order or requirement) or (b) on a confidential basis to its legal, accounting, financial and other advisors solely for the purposes of providing such advice and solely to the extent that they have a need for access.

5.6 Injunctive Relief and Additional Acknowledgements

(a) The Selling Parties specifically acknowledge and agree that each of the covenants contained in Sections 5.2, 5.3, 5.4, and 5.5 above (the "Restrictive Covenants") are made to protect and preserve to the Company the benefit of its bargain in the contribution of the Acquired Assets and the associated goodwill and that the remedy at law for any breach of the foregoing may be inadequate. If any Selling Party breaches, or threatens to commit a breach of, any of the Restrictive Covenants, the Company shall have the right to enjoin such breaching Selling Party from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction. Such right and remedy is in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity. Each Selling Party acknowledges that the Restrictive Covenants are reasonable with respect to period, geographical area and scope and are necessary for the protection of the Company's legitimate interests in the Company's acquisition of the Acquired Assets (including the goodwill and Trade Secrets) pursuant to this Agreement.

(b) In the event of a breach by a Selling Party of any Restricted Covenant, the term of such covenant will be extended with respect to such Selling Party by the period of the duration of such breach.

(c) Each Selling Party represents and warrants to the Company that upon the execution and delivery of this Agreement by the Company, the Restrictive Covenants and the other provisions of this Article 5 shall be the valid and binding obligation of such Selling Party, enforceable in accordance with its terms. Each Selling Party acknowledges and represents that it has consulted with independent legal counsel regarding such Selling Party's obligations under this Article 5 and that it fully understands the terms and restriction of the Restrictive Covenants and the related provisions of this Article 5.

5.7 Severability and Reformation

Each Selling Party acknowledges and agrees that the Restrictive Covenants are reasonable and valid, and separate and independent covenants. Should any part or provision of any of the Restrictive Covenants be held invalid, such invalidity shall not render invalid any other part of this Agreement or such Restrictive Covenant, and in such case the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

5.8 Names

Except in their roles as consultants, employees or franchisees of the Company or any of its Affiliates (if applicable), the Selling Parties shall not use or permit any of their Affiliates to use "Rumble" names (or any other trademarks, service marks, trade dress, trade names, logos or names listed on Schedule 3.7(a) or any names or symbols likely to cause confusion therewith in any manner (including in the legal, trade or other name of the Seller, Rumble Fitness or of a Person affiliated with any Selling Party) anywhere in the world after the Closing; provided that the Founders shall not be prohibited from referring to themselves or each other as the "founders of Rumble". For the avoidance of doubt, for so long as Rumble Fitness is a franchisee of the Company or any of its Affiliates, no Selling Party shall be required to amend its name.

5.9 Administration of Accounts and Mail Received after Closing

(a) From and after the Closing, all payments and reimbursements by any Person to the Company to the extent, in connection with, arising out of or relating to the Excluded Assets or the Excluded Liabilities, that are received by the Company after the Closing shall be held by the Company in trust for the benefit of the Seller and, promptly upon receipt by the Company of any such payment or reimbursement, the Company shall pay over to the Seller the amount of such payment or reimbursement without right of set-off.

(b) From and after the Closing, all payments and reimbursements made by any Person in the name of or to the Seller to the extent, in connection with, arising out of or relating to the Acquired Assets or the Assumed Liabilities that are received by the Seller or its Affiliates after the Closing shall be held by the Seller in trust for the benefit of the Company and, promptly upon receipt by the Seller or its Affiliates of any such payment or reimbursement, the Seller or its Affiliates shall pay over to the Company the amount of such payment or reimbursement without right of set-off.

(c) Following the Closing, the Company shall deliver or cause to be delivered to the Seller all mail received by it after the Closing that pursuant to this Agreement belongs to the Seller or its Affiliates. Following the Closing, the Seller shall deliver or cause to be delivered to the Company all mail received by the Seller or its Affiliates after the Closing that pursuant to this Agreement belongs to the Company.

5.10 Rumble TV; Do You Rumble Instagram.

(a) From and after the Closing and until December 31, 2021, the Selling Parties shall have the right (at their option and expense) to operate the "Rumble TV" business activities consistent with the manner that such operations that were run by the Selling Parties prior to the date hereof (including by using or licensing Acquired Assets in connection with such operations). The Selling Parties shall be permitted to retain all revenues earned but will be responsible to pay all expenses accrued pursuant to GAAP, in connection with the operation of the Rumble TV activities, provided, Seller shall not incur any liabilities with respect to the Rumble TV business without the Company's approval.

(b) From and after the Closing, for so long as Rumble Fitness is a franchisee of the Company or any of its Affiliates, Rumble Fitness shall have the right (at its option) to operate the

"@doyourumble" Instagram account consistent with the manner that such account was run by the Selling Parties prior to the date hereof (including by using or licensing Acquired Assets in connection with such operations); provided that, upon written notice from the Company, Rumble Fitness shall modify the name of such account to an alternative to be mutually agreed between Rumble Fitness and the Company.

5.11 Domain Name Assignment.

The Seller agrees to send to the Company a true, correct, complete and executed copy of a domain name assignment in the form attached hereto as Exhibit D within three (3) Business Days following the Closing.

ARTICLE 6 INDEMNIFICATION

6.1 Agreement of the Selling Parties to Indemnify

Subject to the terms and conditions of this Article 6, following the Closing, the Selling Parties, jointly and severally, agree to indemnify and hold harmless the Company, and each of its Subsidiaries, respective officers, managers, members, partners, employees, agents and other Related Persons (all of whom are intended to be third-party beneficiaries under this Article 6) ("Company Indemnitees") from all Losses relating to or incurred by the Company Indemnitees arising out of:

(a) the breach of any representation or warranty of any Selling Party contained in or made pursuant to any Transaction Document;

(b) the breach of any covenant or agreement of any Selling Party contained in or made pursuant to any Transaction Document;

(c) any Excluded Liability; and

(d) those matters specifically set forth on Schedule 6.1(d);

The obligations set forth in this Section 6.1 shall include indemnification against any and all Losses, costs and other expenses incident to any of the foregoing or to the enforcement of this Section 6.1.

6.2 Agreement of the Company to Indemnify

Subject to the terms and conditions of this Article 6, following the Closing, the Company agrees to indemnify and hold harmless each of the Selling Parties and each of its respective successor and assigns, officers, directors, managers, members, partners, equityholders, employees, agents and other Related Persons (all of whom are intended to be third-party beneficiaries under this Article 6) ("Seller Indemnitees") from all Losses asserted against, relating to or incurred by Seller Indemnitees arising out of:

(a) the breach of any representation or warranty of the Company contained in or made pursuant to any Transaction Document;

(b) the breach of any covenant or agreement of the Company contained in or made pursuant to any Transaction Document;

(c) any Assumed Liability;

(d) any Liabilities incurred in connection with (i) the assignment, by any Selling Party, and the assumption, by the Company or any of its Affiliates, of a Selling Party's right, title and interest in, to and under the Franchise Agreements at the Closing or (ii) any claim by a Governmental Authority with respect to Seller's operating as a franchisor under the Franchise Agreement assigned pursuant to the Rumble Franchise Assignment or Seller's execution and delivery of such Rumble Franchise Agreement prior to such assignment.

The obligations set forth in this Section 6.2 shall include indemnification against any and all Losses, costs and other expenses incident to any of the foregoing or to the enforcement of this Section 6.2.

6.3 Exclusive Remedy

From and after Closing, a Company Indemnitee's or a Seller Indemnitees (each, an "Indemnitee") right to indemnification pursuant to the provisions of this Article 6 shall be the sole and exclusive remedy (whether under contract, tort, or any other theory of recovery) with respect to any and all claims (including Third Party claims), Losses, Liabilities or other amounts pursuant to this Agreement or any other Transaction Document for (a) any failure of a representation or warranty contained in this Agreement or any other Transaction Document to be true, or (b) the failure of any party hereto to perform or satisfy any of its obligations, covenants and agreements contained in this Agreement or any other Transaction Document, in each case, in accordance with the terms hereof. Notwithstanding anything to the contrary, nothing contained herein shall limit any Indemnitee's right to seek and obtain any (x) equitable relief to which such Indemnitee shall be entitled, including the remedies of specific performance and injunction with respect to any breaches of this Agreement or (y) on account of Fraud.

6.4 Procedures for Indemnification

(a) A claim for indemnification under this Article 6 (an "Indemnification Claim") shall be made by the Indemnitee by delivery of a written declaration to the Seller or the Company, as applicable, against whom indemnification is sought (the "Indemnitor"), prior to the applicable period set forth in Section 6.6. The Indemnification Claim shall request indemnification and shall specify (i) with reasonable detail the nature and the basis on which indemnification is sought, (ii) the amount of asserted Losses (if known), and (iii) in the case of Litigation instituted against the Indemnitee which, if prosecuted successfully, would be a matter for which the Indemnitee is entitled to indemnification under this Agreement (a "Third Party Claim"), the information required by the foregoing clauses (i) and (ii) and such other information as the Indemnitee shall have concerning such Third Party Claim. Such notice shall be accompanied by copies of all relevant material documentation in the possession of the Indemnitee with respect to any such claim.

(b) If the Indemnification Claim involves a Third Party Claim, the procedures set forth in Section 6.4 of this Agreement shall be observed by the Indemnitee and the Indemnitor.

(c) If the Indemnification Claim involves a matter other than a Third Party Claim, the Indemnitor shall have thirty (30) days to object to such Indemnification Claim by delivery of a written notice to the Indemnitee specifying in reasonable detail the basis for such objection. Failure to timely object shall constitute a final and binding acceptance of the Indemnification Claim by the Indemnitor, provided that the Indemnitor was properly served with notice of the Indemnification Claim prior to the commencement of such thirty (30) day period. In such event, the Indemnification Claim shall be paid in accordance with Section 6.8 hereof. If an objection is timely delivered by the Indemnitor, then the Indemnitee and the Indemnitor shall negotiate in good faith for a period of sixty (60) days from the date the Indemnitee receives such objection (the "Negotiation Period"). After the Negotiation Period, if the Indemnitor and the Indemnitee still cannot agree on the resolution of an Indemnification Claim, either the Indemnitor or Indemnitee may submit the dispute to a court of competent jurisdiction in accordance with Section 7.9.

(d) Each Party shall take all commercially reasonable steps to mitigate any of its Losses upon becoming aware of any event which would reasonably be expected to, or does, give rise thereto; provided, however, notwithstanding anything to the contrary contained herein, such efforts shall not preclude a claim or recovery on a timely basis against an Indemnitor. Each of the Parties shall reasonably cooperate with the others with respect to resolving any claim or Liability with respect to which one Party is obligated to indemnify the other Party hereunder.

6.5 Defense and Settlement of Third Party Claims

(a) The Indemnitor will have thirty (30) days from the date on which such Indemnitor receives a Third Party Claim to notify the Indemnitee (i) whether or not the Indemnitor disputes its liability to the Indemnitee with respect to such claim, and (ii) whether or not the Indemnitor desires to assume the defense or prosecution of such Third Party Claim and any litigation resulting therefrom with counsel of its choice and at its sole cost and expense (a "Third Party Defense"); provided that the Indemnitor may assume such defense only if it first acknowledges to the Indemnitee in writing that such Indemnitor is fully responsible for all Liabilities relating to, or Losses arising from or related to, such Third Party Claim and that it will provide full indemnification to the Indemnitee with respect to the action or other claim giving rise to such Third Party Claim in accordance with this Article 6. If the Indemnitor assumes the Third Party Defense in accordance herewith, (I) the Indemnitee may retain separate co-counsel at its sole cost and expense (unless a conflict of interest exists between the interests of the Indemnitor and the Indemnitee that requires representation by separate counsel) and participate in the defense of the Third Party Claim, but the Indemnitor shall control the investigation, defense and settlement thereof and in no event shall the fees or expenses of the Indemnitee constitute "Losses"; (II) the Indemnitee shall not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnitor; and (III) the Indemnitor shall not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnitee, which shall not be unreasonably withheld, conditioned or delayed, unless (x) the judgment or settlement provides solely for the payment of money, (y) the Indemnitor makes such payment in full pursuant to the terms hereof, and (z) the applicable Indemnitee receive a full, unconditional release with respect to such Third Party Claim.

(b) The Indemnitee and the Indemnitor shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such claim and furnishing, without expense to the Indemnitor, management employees of the Indemnitee as may be reasonably necessary for the preparation of the defense of any such claim or for testimony as witness in any proceeding relating to such claim; provided, that no Person shall be required to disclose any information to any other Person if such disclosure would be reasonably likely to, based on advice of legal counsel, (x) jeopardize any attorney-client or other legal privilege or (y) contravene any Law or Contract; provided that, in each such case, the Indemnitee and the Indemnitor shall cooperate in good faith to enable access to such information. Notwithstanding anything herein to the contrary, the Indemnitor shall not be entitled to assume control of such defense and shall pay the fees and expenses of counsel retained by the Indemnitee if (i) the Third Party Claim relates to or arises in connection with any criminal proceeding or investigation or the claim, based on the remedy being sought would be reasonably likely to result in criminal Liability to an Indemnitee or is brought by a Governmental Entity; (ii) the Third Party Claim primarily seeks an injunction or other equitable relief against the Indemnitee; (iii) the Indemnitee reasonably believes that the Indemnitor failed or is failing to vigorously prosecute or defend such claim; (iv) the Indemnitee reasonably believes that the Loss relating to such claim could exceed the maximum amount that such Indemnitee could then be entitled to recover under the applicable provisions of this Article 6, net of any and all unresolved claims; or (v) involves a material customer, supplier or other business relation of a Selling Party, the Franchise Business or the Company.

6.6 Duration

(a) Except as provided in Section 6.6(b), the representations and warranties set forth in Article 3 and Article 4 of this Agreement shall survive the Closing until the date that is eighteen (18) months after the Closing Date.

(b) The representations and warranties of (i) the Selling Parties contained in Sections 3.1 (Organization and Qualification), 3.2 (Power and Authority; Validity; Enforceability), 3.3 (No Violation), 3.5(a) (Title to Acquired Assets), 3.13 (Taxes), and 3.18 (Brokers and Finders), (collectively, the "Seller Fundamental Representations") and (ii) the Company contained in Sections 4.1 (Organization and Qualification; Capitalization), 4.2 (Power and Authority; Validity; Enforceability), and 4.14 (Brokers and Finders) (collectively, the "Company Fundamental Representations") shall survive until sixty (60) days after the expiration of the statute of limitation applicable thereto.

(c) The covenants and agreements contained in this Agreement that by their terms are to be performed, in whole or in part, after the Closing shall survive in accordance with their terms and those covenants and agreements set forth in this Agreement requiring performance at or prior to Closing shall terminate on the first (1st) anniversary of the Closing Date.

(d) Any claim with respect to any Fraud will survive and can be made by an Indemnitee indefinitely.

(e) Notwithstanding the foregoing, if an Indemnitee delivers to the Indemnitors, before expiration of a covenant, agreement, representation or warranty, an Indemnification Claim

in accordance with Section 6.4 based upon a breach of such covenant, agreement, representation or warranty, then the applicable covenant, agreement, representation or warranty will survive until, and only for purposes of, the resolution of the matter covered by such Indemnification Claim.

6.7 Limitations on Indemnification

(a) Except as set forth herein, an Indemnitee shall not be entitled to indemnification under Section 6.1(a) or (b), or Section 6.2(a) or (b), as applicable, for any Indemnification Claims made after the expiration of the applicable survival period.

(b) Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be entitled to indemnification under Section 6.1(a) or Section 6.2(a), as applicable, unless and until the applicable Indemnitee shall have paid or incurred Losses in respect of which such Indemnitee is otherwise entitled to indemnification pursuant to Section 6.1(a) or Section 6.2(a) as applicable that exceed Three Hundred Thousand Dollars ($300,000) (the "Deductible") in the aggregate, at which point the Selling Parties will be obligated to jointly and severally indemnify the Company Indemnitees or the Company will be obligated to indemnify the Seller Indemnitees, as applicable, for all such Losses; provided, however, that the Deductible shall not apply to (i) Indemnification Claims with respect to breaches of any of the Seller Fundamental Representations or the Company Fundamental Representations, or (ii) any Indemnification Claim arising out of any Fraud by any Party or any of its Affiliates.

(c) Notwithstanding anything to the contrary set forth in this Agreement, from and after the Closing,

(i) for purposes of calculating Losses to which an Indemnitee are entitled under this Article 6, such Losses shall be determined without duplication of recovery by reason of the state of facts giving rise to such Loss constituting a breach of more than one representation, warranty, covenant, or agreement;

(ii) the amount of Losses for which indemnification is available under this Agreement shall be reduced by the amount of any funds actually received by the Indemnitee with respect to an Indemnification Claim from any Third Party insurers (net of any cost of recovery or increased premiums resulting therefrom) and such Indemnitee shall promptly reimburse the Indemnitor for any subsequent recoveries from such sources if previously indemnified hereunder so as to avoid a double recovery;

(iii) in no event will the Company Indemnitees be entitled, in the aggregate, to indemnification pursuant to (1) Section 6.1(a) (other than in respect of Seller Fundamental Representations, Excluded Taxes, or in the event of Fraud), in excess of $18,000,000 and (2) Section 6.1(d), in excess of $10,000;

(iv) in no event will the Seller Indemnitees be entitled, in the aggregate, to indemnification pursuant to (1) Section 6.2(a) (other than in respect of Company Fundamental Representations or in the event of Fraud), in excess of $18,000,000 and (2) Section 6.2(d), in excess of $250,000; and

(v) in no event will the Company Indemnitees be entitled, in the aggregate, to indemnification pursuant to this Agreement in excess of the Total Consideration (other than in the event of Fraud).

(d) Notwithstanding anything to the contrary contained elsewhere in this Agreement, solely for purposes of this Article 6 if any representation or warranty contained in Article III or in any certification delivered by a Selling Party pursuant hereto or referred to herein is limited or qualified based on materiality, including the terms "material", "materiality" or "Material Adverse Effect", or similar qualifications (the "Materiality Scrape"), such limitation or qualification shall in all respects be ignored and given no effect for purposes of determining whether any breach of any such representation or warranty has occurred and the amount of Losses resulting from any breach of any such representation or warranty.

(e) Each Selling Party hereby waives and releases any and all rights that each may have under this Agreement or otherwise to assert claims of contribution against the Company.

6.8 Payment of Claims; Set-off

(a) Upon determination of the amount of an Indemnification Claim that is binding on both the Indemnitor and the Indemnitee, the Indemnitor shall pay the amount of such Indemnification Claim.

(b) If the Indemnitor is the Company, such payment shall be made by wire transfer of immediately available funds to the Seller within ten (10) days of the date such amount is determined.

(c) If the Indemnitor is a Selling Party, such payment shall be satisfied by, and the Company Indemnitees sole recourse shall be, the forfeiture of such number of Class A Units or Publicly Traded Securities issued or issuable to the Selling Party equal to the amount of Losses to be paid hereunder, valuing the Class A Units or Publicly Traded Securities, as applicable, at the price per Class A Unit or Publicly Traded Security used as the issue price for such security hereunder; provided that the Seller shall be entitled to set-off against Class A Units or Publicly Traded Securities, which such set-off shall be at Fair Market Value; provided further that, in the sole discretion of the Selling Parties, in lieu of forfeiture and set-off as contemplated by this Section 6.8(c), the applicable Selling Party shall be permitted to satisfy such obligation by wire transfer of immediately available funds to the applicable Company Indemnitee.

6.9 Total Consideration Adjustment

With respect to any indemnity payment under this Agreement, the Parties agree to treat, to the extent permitted by applicable Law, all such payments as an adjustment to the Total Consideration provided hereunder.

ARTICLE 7 GENERAL PROVISIONS

7.1 Press Releases and Announcements

The Selling Parties and the Company shall consult with each other before issuing, and provide each other the opportunity to review, comment upon and concur with, and agree on, any press release or public statement with respect to this Agreement and the transactions contemplated hereby and will not issue any such press release or make any such public statement prior to such consultation and agreement, except as may be required by Law or any listing agreement with any applicable national or regional securities exchange or market. For the avoidance of doubt, except as required by Law, no press release or public statement with respect to this Agreement and the transactions contemplated hereby, may be made by either Party or its representatives without the consent of the other Party. Subject to the Franchise Agreements, the foregoing restrictions will not apply to the Company, the Seller or their respective Affiliates from and after the Closing with respect to the operation of the Franchise Business. Nothing herein shall prevent any Party from making any disclosure to the extent required in connection with the enforcement of any right or remedy relating to this Agreement or the other Transaction Documents or the transactions contemplated hereby or thereby.

7.2 Fees and Expenses

(a) Except as otherwise specifically provided elsewhere in this Agreement, the Selling Parties and the Company each shall pay their respective fees and expenses in connection with the transactions contemplated by this Agreement.

(b) All Transfer Taxes shall be borne by the Selling Parties. The Selling Parties shall file all necessary Tax Returns and other documents required to be filed with respect to all such Transfer Taxes. The Parties will cooperate to the extent reasonably necessary to make such Tax Return or filings as may be required.

7.3 Notices

All notices and other communications made in connection with this Agreement shall be in writing and shall be deemed effectively delivered to and received by a party (a) upon in person delivery or by courier or overnight service with confirmation of delivery to such Person's address, (b) five (5) days after having been mailed by certified mail with postage prepaid and return receipt requested to such Person's address, or (c) if sent by e-mail with confirmation of receipt, on the Business Day the e-mail was sent if delivered during normal business hours, or else on the next succeeding Business Day (with a copy sent the next day pursuant to subclause (a) of this sentence). All notices shall be addressed as follows (or to such other address as the party to whom such notice or other communication is to be given may have furnished to each other party in writing in accordance herewith)::

If to any Selling Party:

146 West 23rd Street
New York, NY 10011
Attention: Andy Stenzler
Email:
[***]

With copy to (which copy shall not constitute notice):

Winston & Strawn LLP
200 Park Avenue
New York, NY 10166
Attention: Bradley Vaiana
Email: [***]

And

Weinberg Zareh Malken Price LLP
45 Rockefeller Plaza
20th Floor
New York, NY 10020
Attention: Adam Price
Email: [***]

If to the Company:

H&W Franchise Holdings LLC
17877 Von Karman Ae, Suite 100
Irvine CA 92614
Attention: Anthony Geisler
Email: [***]

With copy to (which copy shall not constitute notice):

Buchalter
1000 Wilshire Boulevard, Suite 1500
Los Angeles, CA 90017
Attention: Jeremy Weitz, Esq.
Telephone No. (213) 891-5285
Email: [***]

and

H&W Franchise Holdings LLC
c/o MGAG, LLC
17 Palmer Lane
Riverside, CT 06878
Attention: Mark Grabowski,
Email: [***]

or to such other address as the Parties may designate in writing to the other in accordance with this Section 7.3. Any Party may change the address to which notices are to be sent by giving written notice of such change of address to the other parties in the manner above provided for giving notice.

7.4 Assignment; Successors in Interest

This Agreement shall not be assignable by any Party without the written consent of the other Parties; provided that the Company may assign this Agreement to (a) an Affiliate upon delivery to the Seller of a written agreement by the Company to remain liable for the payment obligations under this Agreement, (b) for collateral security purposes to any lender of the Company or its Affiliates, and (c) any acquirer of a material amount of the equity or all or any material portion of the assets of the Company or its Affiliates. This Agreement will be binding upon and will inure to the benefit of the parties and their successors and permitted assigns, and any reference to a party will also be a reference to a successor or permitted assign.

7.5 No Benefit to Others

The representations, warranties, covenants, and agreements contained in this Agreement are for the sole benefit of the Parties and, in the case of Article 7 hereof, the Indemnitees, and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns, and they shall not be construed as conferring any Third Party beneficiary or any other rights on any other Persons.

7.6 Construction; Interpretation

(a) Words used in this Agreement, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine, or neuter, as the context requires. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed followed by the words "without limitation."

(b) No Party to this Agreement shall be considered the draftsperson, and neither this Agreement nor any ambiguity in this Agreement shall be construed against any Party based on such premise. On the contrary, this Agreement has been reviewed, negotiated and accepted by all Parties and their attorneys and shall be construed and interpreted according to the ordinary meaning of the words so as fairly to accomplish the intentions of all the Parties.

(c) When reference is made in this Agreement to "Articles," "Schedules," "Sections" and "Exhibits" are intended to refer to Articles, Schedules, Sections and Exhibits to this Agreement, except as otherwise indicated. The Schedules and the Exhibits attached hereto form part of this Agreement.

(d) The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if". The word "will" shall be construed to have the same meaning and effect as the word "shall". The phrase "made available" shall mean that the referenced document or other material was posted and accessible to the Company and its representatives in the data room hosted by the Seller no less than two (2) Business Days prior to the date of this Agreement and remained so posted and accessible through the date of this Agreement.

(e) The table of contents and headings in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement, and shall not be referred to in connection with the construction or interpretation of this Agreement.

7.7 Counterparts

This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same Agreement, and shall become effective when one counterpart has been signed by each Party and delivered to the other Parties. Any signature page delivered electronically or by facsimile (including transmission by PDF or other similar format) shall be binding to the same extent as the original signature page.

7.8 Integration of Agreement

The Transaction Documents constitute the entire agreement among the Parties and supersede all prior agreements between the Parties. Neither this Agreement, nor any provision in this Agreement, may be modified, discharged, or terminated orally, but only by an agreement in writing signed by the Party against which the enforcement of such modification, discharge or termination is sought. The failure or delay of any Party at any time to require performance of any provision of this Agreement shall in no manner affect its right to enforce that provision. No single or partial waiver by any Party of any condition of this Agreement, or the breach of any term of this Agreement or the inaccuracy or warranty of this Agreement in any one or more instances shall be construed or deemed to be a further or continuing waiver of any such condition, breach or inaccuracy or a waiver of any other condition, breach or inaccuracy.

7.9 Governing Law; Exclusive Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof. Each Party (a) submits to the exclusive jurisdiction of the Chancery Court of the State of Delaware (or, if the Chancery Court of the State of Delaware declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware) in any action or proceeding arising out of or relating to this Agreement, (b) agrees that all claims in respect of such action or proceeding may be heard and determined in any such court and (c) agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each Party waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety or other security that might be required of any other party with respect thereto. Each Party agrees that service of summons and complaint or any other process that might be served in any action or proceeding may be made on such party by sending or delivering a copy of the process to the party to be served at the address of the party and in the manner provided for the giving of notices in Section 7.3. Nothing in this Section 7.9, however, shall affect the right of any Party to serve legal process in any other manner permitted by Law. Each Party agrees that a final, non-appealable judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by Law.

7.10 Specific Performance

The Parties agree that immediate and irreparable damage would occur for which monetary damages, even if available, would not be an adequate remedy if any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached. Accordingly, the Parties agree that, if for any reason any Party shall have failed to perform its obligations under this Agreement or otherwise breached this Agreement, then the Party seeking to enforce this Agreement against such nonperforming Party shall be entitled to specific performance and the issuance of immediate injunctive and other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, without the necessity of proving the inadequacy of money damages as a remedy. The Parties further agree to waive any requirement for the posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to and not in limitation of any other remedy to which they are entitled at Law or in equity.

7.11 WAIVER OF JURY TRIAL

EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT AND THE TRANSACTION DOCUMENTS

7.12 Amendment

Except as contemplated by Section 1.1(d), the Parties may amend, modify or supplement this Agreement only by a written instrument executed by the Parties.

7.13 No Waiver.

(a) No failure on the part of any Person to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any Person in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

(b) No Person shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such Person; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

7.14 Partial Invalidity

Whenever possible, each provision of this Agreement shall be interpreted as to be effective and valid under applicable Law. If any of the provisions in this Agreement are held to be invalid in any respect, such invalidity shall not affect any other provisions of this Agreement. This Agreement shall be construed as if such invalid provision had never been contained in this Agreement unless the deletion of such provision would result in a material change that would cause the transactions contemplated under this Agreement to be unreasonable. If the deletion of the invalid provision is reasonably likely to have a Material Adverse Effect, the Parties shall attempt in good faith to replace the invalid provision with valid provision.

(Signatures on Following Page)

IN WITNESS WHEREOF, each Party has caused this Contribution Agreement to be executed by its duly authorized officers (as applicable) as of the day and year first above written.

THE SELLER:

Rumble Holdings LLC

By: /s/ Andy Stenzler
Name: Andy Stenzler
Title: Chief Executive Officer

RUMBLE FITNESS:

Rumble Fitness LLC

By: /s/ Andy Stenzler
Name: Andy Stenzler
Title: Chief Executive Officer

PARENT:

Rumble Parent LLC

By: /s/ Andy Stenzler
Name: Andy Stenzler
Title: President

THE COMPANY:

H&W Franchise Holdings, LLC

By: /s/ Andy Stenzler
Name: Anthony Geisler
Title: Chief Executive Officer

[*Signature Page to Contribution Agreement*]

EXHIBIT A

DEFINITIONS

(a) Except as otherwise provided herein, the capitalized terms set forth below shall have the following meanings:

(i) "Affiliate" of any Person means any Person that controls, is controlled by, or is under common control with such Person; provided that each of the Selling Parties shall be deemed to be an Affiliate of each of the other Selling Parties. As used herein, the term "control" (including the terms "controlling", "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities or other interests, by contract or otherwise.

(ii) "Agreement" has the meaning set forth in the recitals.

(iii) "Acquired Assets" has the meaning set forth in Section 1.2.

(iv) "Additional Units" has the meaning set forth in Section 1.1(a).

(v) "Assigned Contracts" has the meaning set forth in Section 1.2(a).

(vi) "Assumed Liabilities" has the meaning set forth in Section 1.4.

(vii) "Bill of Sale" has the meaning set forth in Section 2.2(b).

(viii) "Bankruptcy and Equity Exceptions" has the meaning set forth in Section 3.2.

(ix) "Business" has the meaning set forth in the recitals.

(x) "Business Contracts" has the meaning set forth in Section 3.6(a).

(xi) "Business Day" means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of New York.

(xii) "CARES Act" means the Coronavirus Aid, Relief, and Economic Security Act of 2020, as amended.

(xiii) "Change of Control Obligations" means all obligations that are or may become due or owing by any Selling Party as a result of the transactions contemplated by this Agreement and the Transaction Documents, including any payment(s) payable at the election of the payee and including any change of control, bonus or other special payment(s) that become due as a result of terminations of employment during periods before, on, or after the Closing Date that are stipulated in any change of control, employment, severance or other similar Contract that a Selling Party may have with any of its employees, consultants, independent contractors, directors, managers, officers, Affiliates or the Seller's equityholders.

(xiv) "Class A Units" means Class A-1 Units in the Company as set forth in the H&W LLC Agreement.

(xv) "Class A Value Per Unit" means at any time after a Public Offering the economic value of a Class A Unit derived from the Equity Trading Value of the Publicly Traded Securities for which a Class A Unit is exchangeable. For avoidance of doubt, the Class A Value Per Unit is based solely on the then market price of the Publicly Traded Securities for which a Class A Unit is exchangeable.

(xvi) "Closed Studio" has the meaning set forth in Section 1.1(e)(i).

(xvii) "Closing" has the meaning set forth in Section 2.1.

(xviii) "Closing Date" has the meaning set forth in Section 2.1.

(xix) "COBRA" has the meaning set forth in Section 3.12.

(xx) "Code" has the meaning set forth in Section 2.2(i).

(xxi) "Company" has the meaning set forth in the recitals.

(xxii) "Company Benefit Plans" has the meaning set forth in Section 4.11.

(xxiii) "Company Fundamental Representations" has the meaning set forth in Section 6.6(b).

(xxiv) "Company Indemnitees" has the meaning set forth in Section 6.1.

(xxv) "Company Intellectual Property" has the meaning set forth in Section 4.8(a).

(xxvi) "Company Sale" means (i) change in the ownership of the Company or Xponential which occurs on the date that any one Person, or more than one Person acting as a group, acquires ownership of the equity of the Company or Xponential that, together with the equity held by such Person, constitutes more than fifty percent (50%) of the total voting power of the equity of the Company or Xponential; provided, however, that for the avoidance of doubt, the acquisition of additional equity by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the equity of the Company or Xponential will be considered a Company Sale; or (ii) a sale of substantially all of the Company's or Xponential's assets provided, however, that for purposes of this subsection (ii), the following will not constitute a change in the ownership of a substantial portion of the Company's or Xponential's assets: (A) a transfer to an entity that is controlled by the Company's or Xponential's members immediately after the transfer, or (B) a transfer of assets by the Company or Xponential to: (1) a member of the Company or Xponential (immediately before the asset transfer) in exchange for or with respect to the Company's or Xponential's equity, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company or Xponential, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding equity of the Company or Xponential, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this clause (ii)(B)(3).

(xxvii) "Competing Business" has the meaning set forth in Section 5.4.

(xxviii) "Confidential Information" means all information regarding the Company, Xponential, or the Selling Parties, their activities, business or clients that is the subject of reasonable efforts by the Company, Xponential, or the Seller to maintain its confidentiality and that is not generally disclosed by practice or authority to persons not employed by the Company, Xponential, or the Selling Parties, whether or not rising to the level of a Trade Secret under applicable law. "Confidential Information" shall include Trade Secrets; financial plans and data concerning the Company, Xponential, or the Selling Parties; management planning information; business plans; operational methods; market studies; marketing plans or strategies; exercise techniques, regiments or plans; customer lists; customer files, data and financial information, details of customer contracts; current and anticipated customer requirements; identifying and other information pertaining to business referral sources; past, current and planned research and development; business acquisition plans; and new personnel acquisition plans. "Confidential Information" shall not include information (a) which is or becomes generally available to the public other than as a result of a disclosure by (i) a Selling Party or its representatives, or (ii) the Company or its representatives, (b) that becomes legally available to a Party on a non- confidential basis from any Third Party, the disclosure of which to such Party does not, to the Knowledge of such Party, violate any contractual or legal obligation such Third Party has to the other Party with respect to such information; or (c) information that is explicitly approved for disclosure by a Party. This definition shall not limit any definition of "confidential information" or any equivalent term under state or federal law.

(xxix) "Consent" means any consent, approval, authorization, clearance, exception, waiver or similar affirmation by any Person pursuant to any Contract, Law, Order or Permit.

(xxx) "Contract" means any written or oral agreement, arrangement, commitment, contract, indenture, instrument, lease, license, obligation, mortgage, plan, practice, restriction, understanding, or legally binding undertaking of any kind or character.

(xxxi) "COVID-19" means the infectious disease caused by severe acute respiratory syndrome coronavirus 2(SARS-CoV-2) and commonly known as "COVID-19", and any evolutions or mutations thereof or related or associated epidemics, pandemic or disease outbreaks.

(xxxii) "COVID-19 Pandemic" means the pandemic caused by COVID-19 which, as of the date hereof, has spread throughout the world and has resulted in Governmental Entities implementing numerous measures to try to contain COVID-19, including travel bans and restrictions, quarantines, shelter in place orders and shutdowns.

(xxxiii) "Deductible" has the meaning set forth in Section 6.7(b).

(xxxiv) "Default" means (A) any breach or violation of, default under, contravention of, or conflict with, any Contract, Law, Order, or Permit; (B) any occurrence of

any event that with the passage of time or the giving of notice or both would constitute a breach or violation of, default under, contravention of, or conflict with, any Contract, Law, Order, or Permit; or (C) any occurrence of any event that with or without the passage of time or the giving of notice would give rise to a right of any Person to exercise any remedy or obtain any relief under, terminate or revoke, suspend, cancel, or modify or change the current terms of, or renegotiate, or to accelerate the maturity or performance of, or to increase or impose any Liability under, any Contract, Law, Order, or Permit.

(xxxv) "Domain Name Assignment" has the meaning set forth in Section 2.2(d).

(xxxvi) "Employee Benefit Plan" means collectively, each pension, retirement, profit-sharing, 401(k), savings, employee stock ownership, stock option, share purchase, stock appreciation rights, restricted stock, phantom stock, stock bonus, retention, severance pay, termination pay, change in control, vacation, holiday, sick pay, supplemental unemployment, salary continuation, bonus, incentive, deferred compensation, executive compensation, medical, vision, dental, life insurance, accident, disability, fringe benefit, flexible spending account, cafeteria, or other similar plan, fund, policy, benefit, program, practice, custom, agreement, arrangement or understanding for the benefit of any current or former officer, employee, director, retiree, or independent contractor or any spouse, dependent or beneficiary thereof whether or not such Employee Benefit Plan is or is intended to be (A) arrived at through collective bargaining or otherwise, (B) funded or unfunded, (C) covered or qualified under the Code, ERISA or other applicable law, (D) set forth in an employment agreement or consulting agreement and (E) written or oral.

(xxxvii) "Equity Trading Value" means at any time after a Public Offering, the aggregate net equity value of the Company's or the applicable Company Subsidiary's Publicly Traded Securities as determined by the average per share closing price of such Publicly Traded Securities reported on the Nasdaq National Market, New York Stock Exchange or other applicable securities exchange for the thirty (30) consecutive trading days ending on the trading day immediately preceding such measurement date, provided such average per share shall be based on twenty (20) consecutive trading days for the Additional Units granted pursuant to Section 1.1(i)(3).

(xxxviii) "Equityholders" has the meaning set forth in the recitals.

(xxxix) "ERISA" has the meaning set forth in Section 3.12.

(xl) "Excluded Assets" has the meaning set forth in Section 1.3.

(xli) "Excluded Liabilities" has the meaning set forth in Section 1.5.

(xlii) "Excluded Taxes" means any of the following (in each case, whether imposed, assessed, due or otherwise payable directly, as a successor or transferee (including under Treasury Regulations Section 1.1502-6 or any similar state, local or non-U.S. law or regulation), pursuant to a Contract or other agreement entered into (or assumed by) any Selling Party on or prior to the Closing Date, shown as payable on a Tax Return (including an amended Tax Return), resulting from an adjustment or assessment by a Regulatory Authority by means of withholding, or for any other reason, and whether disputed or not), without duplication: (A) all

Taxes with respect to the Business or the Acquired Assets that are attributable to a taxable period that begins on or prior to the Closing Date (or portion thereof based on a closing of the books methodology), (B) Taxes of the Seller or any of its Affiliates (including the Selling Parties, Merger Sub, Newco, and the Equityholders), (C) Taxes or Liabilities resulting from the Seller Merger, the Newco Merger, the Reorganization, or any of the steps described in the introduction paragraphs hereof, (D) Transfer Taxes, and (E) Liabilities resulting from a breach of representation, warranty, or covenant herein relating to Taxes.

(xliii) "Fair Market Value" has the meaning set forth in the H&W LLC Agreement.

(xliv) "Financial Statements" has the meaning set forth in Section 3.4.

(xlv) "Founders" means Andy Stenzler, Anthony DiMarco and Eugene Remm.

(xlvi) "Franchise Agreement" means any Contract pertaining to the establishment and operation of a studio or other facility under the "Rumble" trade name and otherwise using the Franchise System, including license agreements, option agreements, master franchise agreements, multi-unit or area development agreements and any similar agreements, and including any addendum, amendment, extension or renewal thereof, and together with any guarantee or other instrument or agreement relating thereto.

(xlvii) "Franchise Business" means the creation, development, oversight and licensing of the Franchise System to franchisees and all other aspects of such business other than the operation of studios or franchises.

(xlviii) "Franchise System" means the franchise system under the "Rumble" trade name and otherwise using the Seller Intellectual Property and business system.

(xlix) "Fraud" means actual common law fraud involving an intent to deceive.

(l) "GAAP" means generally accepted accounting principles as employed in the United States of America.

(li) "Governmental Entity" means any entity or body exercising executive, legislative, judicial, regulatory or administrative functions of United States federal, state or local government or foreign, international, multinational, sovereign, tribal nation or other government, including any department, commission, board, agency, bureau, official or other regulatory, administrative or judicial authority or instrumentality of any kind thereof including any court, tribunal, arbitral body, arbitrator, administrative agency, department, ministry or commission.

(lii) "H&W LLC Agreement" means that certain Sixth Amended and Restated Limited Liability Company Operating Agreement of H&W Franchise Holdings LLC, dated as of the date hereof.

(liii) "Historical Financial Statements" has the meaning set forth in Section 3.4.

(liv) "Indebtedness" of any Person means, without duplication, (A) the outstanding principal amount of, accreted value, accrued and unpaid interest, prepayment and redemption premiums, penalties, fees and charges (if any), unpaid fees or expenses and other monetary obligations in respect of indebtedness of such Person for money borrowed (whether or not evidenced by notes, debentures, bonds or otherwise); (B) all obligations of such Person issued or assumed as the deferred purchase price of property or services, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement including the current liability portion of any indebtedness for borrowed money; (C) any other indebtedness that is evidenced by a note, bond, debenture, acceptance or similar instrument, or arising out of letters of credit, bankers' acceptances, or similar credit transactions issued for such Person's account, (D) all obligations of such Person under leases that have been or that are required to be capitalized in accordance with GAAP; (D) the net obligations for which such Person is obligated pursuant to any interest rate swap, currency swap, forward currency or interest rate contracts or other interest rate or currency hedging arrangements, (E) all obligations of such Person arising in connection with any acquisition of assets or businesses to such Person of such assets or businesses and the payment of which is dependent on the future earnings or performance of such assets or businesses and contained in the agreement relating to such acquisition or in an employment agreement delivered in connection therewith, (F) all obligations of the type referred to in clauses (A) through (E) of any Persons the payment of which such Person is responsible or liable, directly or indirectly, as guarantor or otherwise; and (F) all obligations of the type referred to in clauses (A) through (F) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person). For purposes hereof, Indebtedness shall include all interest, prepayment penalties, premiums, fees and expenses (if any) which would be payable if all of the Indebtedness referred to in this definition was paid in full at the Closing.

(lv) "Indemnification Claim" has the meaning set forth in Section 6.4(a).

(lvi) "Indemnitee" has the meaning set forth in Section 6.3.

(lvii) "Indemnitor" has the meaning set forth in Section 6.4(a).

(lviii) "Information" means information or documentation owned by the Seller, including financial data, business plans, personnel information (to the extent transferrable under applicable Law), drawings, samples, devices, trade secrets, technical information, results of research and other data in either oral or written form.

(lix) "Initial Issue Price Per Unit" means (i) with respect to the Initial Units [***] per Class A Unit and (ii) with respect to the Additional Units the price per Class A Unit for each applicable tranche of Additional Units set forth in Sections 1.1(b)(ii)(1), (2) and (3).

(lx) "Intellectual Property Rights" means all of the following: (A) patents, patent applications, patent disclosures, invention disclosures and inventions (whether or not patentable and whether or not reduced to practice) and any reissue, continuation, continuation-in- part, division, revision, extension or reexamination thereof; (B) trademarks, service marks, trade dress, trade names, corporate names, logos and slogans, Internet domain names and social media

accounts together with all goodwill associated with each of the foregoing; (C) copyrights, copyrightable works and mask works; (D) registrations and applications for registration for any of the foregoing; (E) Trade Secrets, Information and confidential information (including ideas, formulae, compositions, know-how, manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, plans, proposals, technical data, financial, business and marketing plans, and customer and supplier lists and related information); (F) Software; and (G) all other intellectual property and proprietary rights including, without limitation, "Rumble TV".

(lxi) "Interim Financial Statement Date" has the meaning set forth in Section 3.4.

(lxii) "Interim Financial Statements" has the meaning set forth in Section 3.4.

(lxiii) "Initial Units" has the meaning set forth in Section 1.1(a).

(lxiv) "IRS" means the Internal Revenue Service of the United States.

(lxv) "Issued Units" has the meaning set forth in Section 1.1(a).

(lxvi) "Knowledge" as used with respect to (a) each Selling Party (including references to such Person being aware of a particular matter) means the knowledge after reasonable inquiry of the Founders and (b) the Company (including references to the Company being aware of a particular matter) means the knowledge after reasonable inquiry of Anthony Geisler and Mark Grabowski.

(lxvii) "Labor Claims" means claims, investigations, charges, citations, hearings, consent decrees, or litigation concerning: wages, compensation, bonuses, commissions, awards, or payroll deductions; equal employment or human rights violations regarding race, color, religion, sex, national origin, age, handicap, veteran's status, marital status, disability, or any other recognized class, status, or attribute under any federal, state, local or foreign equal employment Law prohibiting discrimination; representation petitions or unfair labor practices; grievances or arbitrations pursuant to current or expired collective bargaining agreements; occupational safety and health; workers' compensation; wrongful termination, negligent hiring, invasion of privacy or defamation; immigration or any other claim based on the employment relationship or termination of the employment relationship.

(lxviii) "Law" means any code, directive, law (including common law), ordinance, regulation, guideline, reporting or licensing requirement, rule, or statute applicable to a Person or its assets, Liabilities, or business, including those promulgated, interpreted or enforced by any Regulatory Authority.

(lxix) "Leased Worker" means any worker provided by a staffing company, temporary employee agency, professional employer organization or similar entity.

(lxx) "Liability" means any direct or indirect, primary or secondary, liability, indebtedness, obligation, penalty, cost or expense (including costs of investigation, collection and defense), Tax, claim, deficiency, guaranty or endorsement of or by any Person (other than

endorsements of notes, bills, checks, and drafts presented for collection or deposit in the Ordinary Course of Business) of any type, secured or unsecured, whether accrued, absolute or contingent, direct or indirect, liquidated or unliquidated, matured or unmatured, known or unknown or otherwise.

(lxxi) "Lien" means any conditional sale agreement, covenant, default of title, easement, encroachment, encumbrance, hypothecation, infringement, lien, mortgage, pledge, reservation, restriction, right of way, security interest, title retention or other security arrangement, or any adverse right or interest, charge, or claim of any nature whatsoever of, on, or with respect to any property or property interest, other than Permitted Encumbrances.

(lxxii) "Litigation" means any suit, action, administrative or other audit (other than regular audits of financial statements by outside auditors) proceeding, arbitration, cause of action, charge, claim, complaint, demand, dispute, compliance review, criminal prosecution, grievance inquiry, hearing, inspection, investigation (governmental or otherwise), notice (written or oral) by any Person alleging potential Liability or requesting information relating to or affecting Seller, its Business, any of its assets or properties or its insurance policies, or the transactions contemplated by this Agreement.

(lxxiii) "LLCA Amendment" has the meaning set forth in Section 2.2(f).

(lxxiv) "Loss" means any and all direct or indirect Litigation, payments, recoveries, deficiencies, fines, penalties, interest, assessments, losses, material diminution in the value of assets, damages), Liabilities, Taxes, judgment, costs, expenses (including (A) interest, penalties and reasonable attorneys' fees and expenses, (B) reasonable attorneys' fees and expenses necessary to enforce rights to indemnification hereunder, and (C) consultant's fees and other costs of defense or investigation), and interest on any amount payable to a Third Party as a result of the foregoing, whether accrued, absolute, contingent, known, unknown, or otherwise as of the Closing Date or thereafter.

(lxxv) "Material Adverse Effect" means with respect to (a) the Selling Parties, any event, change, development, occurrence or effect that, individually or in the aggregate, is or would reasonably be expected to be materially adverse to the Business or the Acquired Assets, taken as a whole and (b) to the Company and its Subsidiaries, any event, change, development, occurrence or effect that, individually or in the aggregate, is or would reasonably be expected to be materially adverse to the Company or its Subsidiaries, taken as a whole.

(lxxvi) "Materiality Scrape" has the meaning set forth in Section 6.7(d).

(lxxvii) "Merger Sub" has the meaning set forth in the recitals.

(lxxviii) "Minority Sale" has the meaning set forth in Section 1.1(b)(iii).

(lxxix) "Net Equity Valuation" (i) in the event of an Public Offering, means the aggregate net equity value of the Publicly Traded Securities and (ii) in the event of a Company Sale, the aggregate net equity value of the Company's Class A-1 Units and Class A-2 Units and for avoidance of doubt excluding all amounts necessary to satisfy all of the Company's then outstanding Class A-3 Units, Class A-4 Units and Class A-5 Units and indebtedness.

(lxxx) "New Studio" has the meaning set forth in Section 1.1(e)(ii).

(lxxxi) "Newco Merger" has the meaning set forth in the recitals.

(lxxxii) "Non-Assignable Assets" has the meaning set forth in Section 2.6(a).

(lxxxiii) "Order" means any decree, injunction, judgment, order, ruling, writ, quasi- judicial decision or award or administrative decision or award of any federal, state, local, foreign or other court, arbitrator, mediator, tribunal, administrative agency or Regulatory Authority to which any Person is a party or that is or may be binding on any Person or its securities, assets or business.

(lxxxiv) "Ordinary Course of Business" means the following: an action taken by a Person will be deemed to have been taken in the Ordinary Course of Business only if that action: (A) is consistent in nature, scope and magnitude with the past practices of such Person and is taken in the ordinary course of the normal, day-to-day operations of such Person; (B) does not require authorization by the board of directors or shareholders (or equivalents) of such Person (or by any Person or group of Persons exercising similar authority) and does not require any other separate or special authorization of any nature; and (C) is similar in nature, scope and magnitude to actions customarily taken, without any separate or special authorization, in the ordinary course of the normal, day-to-day operations of other Persons that are in the same line of business as such Person. "Ordinary Course of Business" will be determined without giving effect to COVID- 19 or the COVID-19 Pandemic.

(lxxxv) "Parent" has the meaning set forth in the recitals.

(lxxxvi) "Party" means any party hereto and "Parties" means all parties hereto.

(lxxxvii) "Permit" means any Regulatory Authority approval, authorization, certificate, easement, filing, franchise, license, notice, permit, or right to which any Person is a party or that is or may be binding upon or inure to the benefit of any Person or its securities, assets, or business.

(lxxxviii) "Permitted Encumbrances" means (a) Liens for Taxes not yet due and payable for which appropriate reserves have been established in accordance with GAAP, and (b) non-exclusive licenses of Intellectual Property Rights granted by the Seller, the Company or its Subsidiaries, as applicable, in the Ordinary Course of Business to the extent disclosed on Schedule 3.7(b) hereof.

(lxxxix) "Person" means a natural person or any legal, commercial or Governmental Entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, limited liability partnership, trust, business association, group acting in concert, or any person acting in a representative capacity.

(xc) "Personal Data" means any information defined as "personal information", "personally identifiable information", "personal data" or any functional equivalent of these terms relevant under any Privacy and Security Requirements.

(xci) "Privacy and Security Requirements" means, to the extent applicable to the Selling Parties, (i) any Laws, Privacy Contracts, or Privacy Policies and (ii) the Payment Card Industry Data Security Standard.

(xcii) "Privacy Contracts" means all Contracts between the Seller and any Person that address the collection, retention, storage, processing, sharing, transmission, confidentiality, security, use and/or disclosure of Personal Data, Trade Secrets, or confidential information, including, without limitation, all such Contracts used in the provision of any deliverables or services to third parties.

(xciii) "Privacy Laws" means any Laws that relate to and/or address privacy, security, data use, consumer tracking, consumer targeting, data protection and destruction, data breach notification or data transfer issues, including, without limitation, the Health Insurance Portability and Accountability Act of 1996, the Genetic Information Nondiscrimination Act of 2008, and the Health Information Technology for Economic and Clinical Health Act of 2009, the Gramm-Leach-Bliley Act, the CAN-SPAM Act, the Telephone Consumer Protection Act, 201 C.M.R. 17.00 et. seq., the General Data Protection Regulation (GDPR), the California Consumer Privacy Act of 2018 and all current and former implementing Laws, rules, regulations, and any guidelines issued by relevant industry organizations, in each case as applicable to the Seller or the Business.

(xciv) "Privacy Policies" means all written policies applicable to the Seller relating to the collection, use, storage, processing, transfer, disclosure, and protection of personal information, including all website and mobile application privacy policies and any such policies that are required by applicable Privacy Laws.

(xcv) "Public Offering" has the meaning set forth in the H&W LLC Agreement.

(xcvi) "Publicly Traded Securities" means, in connection with a Public Offering, shares of common equity that is traded on the Nasdaq National Market, New York Stock Exchange or other applicable securities exchange.

(xcvii) "Regulatory Authority" means any federal, state, county, local, foreign or other governmental, public or regulatory agencies, courts, administrative agency, authorities (including self-regulatory authorities), Taxing authorities or entities, instrumentalities, commissions, boards or bodies having jurisdiction over the Parties and their respective Subsidiaries.

(xcviii) "Related Person" with respect to a particular individual means: (A) each other member of such individual's Family; (B) any Person that is directly or indirectly controlled by any one or more members of such individual's Family; (C) any Person in which members of such individual's Family hold (individually or in the aggregate) a Material Interest; and (D) any Person with respect to which one or more members of such individual's Family serves as a director, officer, partner, executor or trustee (or in a similar capacity). With respect to a specified Person other than an individual: (V) any Person that directly or indirectly controls, is directly or indirectly controlled by or is directly or indirectly under common control with such specified Person; (W) any Person that holds a Material Interest in such specified Person;

(X) each Person that serves as a director, officer, partner, executor or trustee of such specified Person (or in a similar capacity); (Y) any Person in which such specified Person holds a Material Interest; and (Z) any Person with respect to which such specified Person serves as a general partner or a trustee (or in a similar capacity); provided that each Selling Party shall be deemed a Related Person of each other Selling Party. For purposes of this definition, (I) "control" (including "controlling," "controlled by," and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and shall be construed as such term is used in the rules promulgated under the Securities Act; (II) the "Family" of an individual includes (1) the individual, (2) the individual's spouse, (3) any other natural person who is the parent, child, grandparent, grandchild or sibling of the individual or the individual's spouse and (4) any other natural person who resides with such individual; and (III) "Material Interest" means direct or indirect beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) of voting securities or other voting interests representing at least five percent (5%) of the outstanding voting power of a Person or equity securities or other equity interests representing at least five percent (5%) of the outstanding equity securities or equity interests in a Person.

(xcix) "Related Person Transaction" means with respect to (a) the Selling Parties, any agreement, arrangement, commitment, transaction or course of dealing between the Business, on the one hand, and any Related Person of the Selling Parties or group of such Related Persons, on the other hand and (b) the Company and its Subsidiaries, any agreement, arrangement, commitment, transaction or course of dealing between the business of the Company or any of its Subsidiaries, on the one hand, and any (i) Related Person of the Company or any of its Subsidiaries or (ii) group of such Related Persons, on the other hand.

(c) "Reorganization" has the meaning set forth in the recitals.

(ci) "Restricted Territory" has the meaning set forth in Section 5.4.

(cii) "Restrictive Covenants" has the meaning set forth in Section 5.6(a).

(ciii) "Restrictive Covenant Agreements" has the meaning set forth in Section 2.2(j).

(civ) "Rumble Fitness" has the meaning set forth in the recitals.

(cv) "Rumble Franchise Assignment" has the meaning set forth in Section 2.2(e).

(cvi) "Secured Promissory Note" has the meaning set forth in Section 2.2(d).

(cvii) "Security Breach" means any incident that constitutes a "security breach" under applicable Privacy Laws.

(cviii) "Securities Act" means the Securities Act of 1933, as amended, or any successor federal Law, and the rules and regulations promulgated thereunder, all as the same may from time to time be in effect.

(cix) "Seller" has the meaning set forth in the recitals.

(cx) "Seller Benefit Plans" has the meaning set forth in Section 3.12.

(cxi) "Seller Fundamental Representations" has the meaning set forth in Section 6.2(b).

(cxii) "Seller Indemnitees" has the meaning set forth in Section 6.2.

(cxiii) "Seller Information Systems" has the meaning set forth in Section 3.7(f).

(cxiv) "Seller Intellectual Property" has the meaning set forth in Section 1.2(b).

(cxv) "Seller Merger" has the meaning set forth in the recitals.

(cxvi) "Selling Parties" has the meaning set forth in the recitals.

(cxvii) "Software" means computer programs, application programming interfaces, libraries, compilers, assemblers, including management information systems and personal computer programs. The tangible manifestation of such programs may be in the form of, among other things, source code, flow diagrams, listings, object code and microcode, provided however "Software" shall not include off-the-shelf software that is generally commercially available.

(cxviii) "Studio Closure" has the meaning set forth in Section 1.1(e)(i).

(cxix) "Subscription Agreement" has the meaning set forth in Section 2.2(g).

(cxx) "Subsidiary" means, with respect to any Person, any corporation, partnership, limited liability company, joint venture, or other legal entity of any kind of which such Person (either alone or through or together with one or more of its other Subsidiaries) owns, directly or indirectly, more than fifty percent (50%) of the capital stock or other equity interests the holders of which are (a) generally entitled to vote for the election of the board of directors or other governing body of such legal entity or (b) generally entitled to share in the profits or capital of such legal entity.

(cxxi) "Tangible Property" means any machinery, equipment, inventory, parts, furniture, leasehold improvements, office equipment, vehicles, tools, forms, supplies or other tangible property of any kind or nature whatsoever.

(cxxii) "Tax" means any federal, state, county, local, city or foreign tax, charge, fee, levy, impost, duty, or other assessment, including income, gross receipts, excise, employment, sales, use, transfer, recording, license, payroll, franchise, severance, documentary, stamp, occupation, windfall profits, environmental, federal highway use, commercial rent, customs duty, capital stock, paid-up capital, profits, withholding, Social Security, unincorporated business, single business, unemployment, disability, real property, personal property, registration, ad valorem, value added, unclaimed property, escheat, alternative or add-on minimum, estimated, or other tax or governmental fee of any kind whatsoever, imposed or required to be withheld by any Regulatory Authority, including any interest, penalties, and additions imposed thereon or with respect thereto.

(cxxiii) "Tax Return" means any return (including any informational return) report, statement, schedule, notice, form or other document or information filed with or submitted to, or required to be filed with or submitted to any Regulatory Authority in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of compliance with any legal requirement relating to any Tax.

(cxxiv) "Third Party" means any Person other than a Party.

(cxxv) "Third Party Claim" has the meaning set forth in Section 6.4(a).

(cxxvi) "Third Party Defense" has the meaning set forth in Section 6.5(a).

(cxxvii) "Total Consideration" means the actual amount of the Class A Units or other equity securities received by Seller.

(cxxviii) "Trade Secret" means any item of confidential information that constitutes a "trade secret(s)" under applicable common law or statutory law.

(cxxix) "Trademark Assignment" has the meaning set forth in Section 2.2(c).

(cxxx) "Transaction Documents" means this Agreement and the other documents or agreements to be executed in connection herewith.

(cxxxi) "Transaction Expenses" means all expenses of the Selling Parties incurred in connection with the preparation, execution, performance and/or consummation of this Agreement, the other Transaction Documents and the Closing, including (A) all brokerage commissions, fees, expenses and disbursements, (B) all fees, expenses or other payments made in order to obtain any consents or approvals or to give notices in connection with the transactions contemplated hereby, (C) all payments to employees of the Business which come due as a result of the transactions contemplated by this Agreement, including any change of control, stay or transaction bonuses, and (D) all fees and disbursements of attorneys, accountants, and other advisors and service providers payable by the Selling Parties.

(cxxxii) "Transfer Taxes" means (A) sales, use, transfer (including real property transfer or gains tax), recording, documentary, stamp, value added, registration, stock transfer, transaction and similar Taxes applicable to or arising as a result of the consummation of any of the transactions contemplated by this Agreement and/or any Transaction Document (but excluding any Taxes on income) and (B) any additions, penalties, or interest in respect thereof.

(cxxxiii) "Xponential" means Xponential Fitness, LLC, a Delaware limited liability company.

(cxxxiv) "Xponential's Financial Statement Date" has the meaning set forth in Section 4.5.

(cxxxv) "Xponential's Financial Statements" has the meaning set forth in Section 4.5.

(cxxxvi) "Xponential's Historical Financial Statements" has the meaning set forth in Section 4.5.

(cxxxvii) "Xponential's Interim Financial Statement Date" has the meaning set forth in Section 4.5.

(cxxxviii) "Xponential's Interim Financial Statements" has the meaning set forth in Section 4.5.

EXHIBIT B

BILL OF SALE

See attached.

EXHIBIT C

TRADEMARK ASSIGNMENT

See attached.

EXHIBIT D

DOMAIN NAME ASSIGNMENT

See attached.

EXHIBIT E

SECURED PROMISSORY NOTE

See attached.

EXHIBIT F

RUMBLE FRANCHISE ASSIGNMENT

See attached.

EXHIBIT G

AMENDMENT TO H&W LLC AGREEMENT

See attached.

EXHIBIT H

SUBSCRIPTION AGREEMENT

See attached.

EXHIBIT I

RESTRICTIVE COVENANT AGREEMENT

See attached.

Exhibit 10.5

Execution Copy

FINANCING AGREEMENT

Dated as of February 28, 2020

by and among

XPONENTIAL INTERMEDIATE HOLDINGS, LLC,
as Parent,

XPONENTIAL FITNESS LLC
AND EACH OTHER SUBSIDIARY OF PARENT
LISTED AS A BORROWER ON THE SIGNATURE PAGES HERETO,
as Borrowers,

PARENT AND EACH OTHER SUBSIDIARY OF PARENT LISTED AS A
GUARANTOR ON THE SIGNATURE PAGES HERETO,
as Guarantors,

THE LENDERS FROM TIME TO TIME PARTY HERETO,
as Lenders,

and

CERBERUS BUSINESS FINANCE AGENCY, LLC,
as Collateral Agent and Administrative Agent

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Exhibit F	Form of Franchise Report

FINANCING AGREEMENT

Financing Agreement, dated as of February 28, 2020, by and among Xponential Intermediate Holdings, LLC, a Delaware limited liability company (the "Parent"), Xponential Fitness LLC, a Delaware limited liability company ("XF"), each Subsidiary (as hereinafter defined) of Parent listed as a "Borrower" on the signature pages hereto (together with XF and each other Person that executes a joinder agreement and becomes a "Borrower" hereunder, each a "Borrower" and collectively, the "Borrowers"), each other Subsidiary of Parent listed as a "Guarantor" on the signature pages hereto (together with Parent and each other Person that executes a joinder agreement and becomes a "Guarantor" hereunder or otherwise guaranties all or any part of the Obligations (as hereinafter defined), each a "Guarantor" and collectively, the "Guarantors"), the lenders from time to time party hereto (each a "Lender" and collectively, the "Lenders"), Cerberus Business Finance Agency, LLC, a Delaware limited liability company ("Cerberus"), as collateral agent for the Lenders (in such capacity, together with its successors and assigns, the "Collateral Agent") and Cerberus, as administrative agent for the Lenders (in such capacity, together with its successors and assigns, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents").

RECITALS

The Borrowers have asked the Lenders to extend credit to the Borrowers consisting of (a) an initial term loan in an aggregate principal amount of $185,000,000, (b) a revolving credit facility in the aggregate principal amount of $10,000,000 and (c) a delayed draw term loan commitment in the aggregate principal amount of $15,000,000. The proceeds of the initial term loan shall be used to repay existing indebtedness of the Loan Parties and for general working capital or other corporate purposes of the Loan Parties (as hereinafter defined), including, but not limited to, the payment of fees and expenses related to this Agreement and the Transactions. The proceeds of the revolving loans and the delayed draw term loans made after the Effective Date shall be used for general working capital or other corporate purposes of the Loan Parties. The Lenders are severally, and not jointly, willing to extend such credit to the Borrowers subject to the terms and conditions hereinafter set forth.

In consideration of the premises and the covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS; CERTAIN TERMS

Section 1.01 Definitions. As used in this Agreement, the following terms shall have the respective meanings indicated below, such meanings to be applicable equally to both the singular and plural forms of such terms:

"Account Control Agreement" means an account control agreement, in form and substance reasonably satisfactory to the Collateral Agent, each of which is among each relevant Loan Party, the Collateral Agent and the applicable Cash Management Banks.

"Account Debtor" means each debtor, customer or obligor in any way obligated on or in connection with any Account Receivable.

"Accounts Receivable" means, with respect to any Person, any and all accounts (as that term is defined in the Uniform Commercial Code), any and all rights of such Person to payment for goods sold and/or services rendered, including accounts, general intangibles and any and all such rights evidenced by chattel paper, instruments or documents, whether due or to become due and whether or not earned by performance, and whether now or hereafter acquired or arising in the future, and any proceeds arising therefrom or relating thereto.

"Acquisition" means the acquisition of all or substantially all of the Equity Interests of any Person or all or substantially all of the assets of any Person or line of business or a division of such Person.

"Act" has the meaning specified therefor in Section 7.02(c).

"Action" has the meaning specified therefor in Section 12.12.

"Additional Amount" has the meaning specified therefor in Section 2.08(a).

"Administrative Agent" has the meaning specified therefor in the preamble hereto.

"Administrative Agent's Account" means an account at a bank designated by the Administrative Agent from time to time as the account into which the Loan Parties shall make all payments to the Administrative Agent for the benefit of the Agents and the Lenders under this Agreement and the other Loan Documents.

"Administrative Borrower" has the meaning specified therefor in Section 12.16.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the Equity Interests having ordinary voting power for the election of members of the Board of Directors of such Person or (b) direct or cause the direction of the management and policies of such Person whether by contract or otherwise. Notwithstanding anything herein to the contrary, in no event shall any Agent or any Lender be considered an "Affiliate" of any Loan Party.

"Affiliated Lenders" means the Sponsor and each of its Affiliates (including the Loan Parties) and Related Funds of the foregoing who become a Lender pursuant to the terms of this Agreement.

"After Acquired Property" has the meaning specified therefor in Section 7.01(o).

"Agent" has the meaning specified therefor in the preamble hereto.

"Agent Advances" has the meaning specified therefor in Section 10.08(a).

"Agreement" means this Financing Agreement, including all amendments, modifications and supplements and any exhibits or schedules to any of the foregoing, and shall refer to this Agreement as the same may be in effect at the time such reference becomes operative.

"Alternative Interest Rate Election Event" has the meaning specified therefor in the definition of "LIBOR Rate".

"Anti-Corruption Laws" has the meaning specified therefor in Section 6.01(jj)(i).

"Anti-Money Laundering and Anti-Terrorism Laws" means any Requirement of Law relating to terrorism, economic sanctions or money laundering, including, without limitation, (a) the Money Laundering Control Act of 1986 (*i.e.*, 18 U.S.C. §§ 1956 and 1957), (b) the Bank Secrecy Act of 1970 (31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959), and the implementing regulations promulgated thereunder, (c) the USA PATRIOT Act and the implementing regulations promulgated thereunder, (d) the laws, regulations and Executive Orders administered by the United States Department of the Treasury's Office of Foreign Assets Control ("OFAC"), (e) any law prohibiting or directed against terrorist activities or the financing or support of terrorist activities (*e.g.*, 18 U.S.C. §§ 2339A and 2339B), and (f) any similar laws enacted in the United States or any other jurisdictions in which the parties to this Agreement operate, as any of the foregoing laws have been, or shall hereafter be, amended, renewed, extended, or replaced and all other present and future legal requirements of any Governmental Authority governing, addressing, relating to, or attempting to eliminate, terrorist acts and acts of war and any regulations promulgated pursuant thereto.

"Applicable Margin" means, as of any date of determination, with respect to the interest rate of any Revolving Loan or the Term Loan (or any portion thereof):

(a) From the Effective Date until September 30, 2020 (the "Initial Applicable Margin Period"), the relevant Applicable Margin shall be set at Level II in the table below.

(b) After the Initial Applicable Margin Period, the relevant Applicable Margin shall be set at the respective level indicated below based upon the Total Leverage Ratio of the Loan Parties set forth opposite thereto, which ratio shall be calculated on the last day of the most recent fiscal quarter of the Parent and its Subsidiaries for which financial statements and a Compliance Certificate are received by the Agents and the Lenders in accordance with Section 7.01(a)(i) and Section 7.01(a)(iv):

Level	Total Leverage Ratio	Reference Rate Loans	LIBOR Rate Loans
I	Greater than or equal to 3.75 to 1:00	4.75%	6.75%
II	Greater than or equal to 2.75 to 1.00 and less than 3.75 to 1:00	4.50%	6.50%
III	Less than 2.75 to 1.00	4.25%	6.25%

(c) Subject to clause (d) below, the adjustment of the Applicable Margin (if any) will occur 2 Business Days after the date the Administrative Agent receives the applicable financial statements and a Compliance Certificate in accordance with Section 7.01(a)(i) and Section 7.01(a)(iv).

(d) Notwithstanding the foregoing:

(i) the Applicable Margin shall be set at Level I in the table above (x) upon the occurrence and during the continuation of an Event of Default, or (y) if for any period, the Administrative Agent does not receive the financial statements and certificates described in clause (c) above, for the period commencing on the date such financial statements and certificate were required to be delivered through the date on which such financial statements and certificate are actually received by the Administrative Agent and the Lenders; and

(ii) in the event that any financial statement or certificate described in clause (c) above is inaccurate (regardless of whether this Agreement or any Commitments are in effect when such inaccuracy is discovered), and such inaccuracy, if corrected, would have led to the application of a higher Applicable Margin for any fiscal period, then the Applicable Margin for such fiscal period shall be adjusted retroactively (to the effective date of the determination of the Applicable Margin that was based upon the delivery of such inaccurate financial statement or certificate) to reflect the correct Applicable Margin, and the Borrowers shall promptly make payments to the Agents and the Lenders to reflect such adjustment.

"Applicable Prepayment Premium" means, as of any date of determination, with respect to and in the event of any prepayment of the Term Loans, (a) during the period of time from and after the Effective Date up to and including the date that is the first anniversary of the Effective Date, an amount equal to 2.00% times the principal amount of any such prepayment of the Term Loan on such date, (b) during the period of time after the date that is the first anniversary of the Effective Date up to and including the date that is the second anniversary of the Effective Date, an amount equal to 1.00% times the principal amount of any such prepayment of the Term Loan on such date, and (c) from the second anniversary of the Effective Date and at all times thereafter, zero.

"Assignment and Acceptance" means an assignment and acceptance entered into by an assigning Lender and an assignee, and accepted by the Collateral Agent, in accordance with Section 12.07 hereof and substantially in the form of Exhibit D hereto or such other form reasonably acceptable to the Collateral Agent.

"Authorized Officer" means, with respect to any Person, the chief executive officer, chief financial officer, treasurer or other financial officer performing similar functions, secretary,

president, executive vice president, vice president or manager of such Person or any other officer of such Person designated as an "Authorized Officer" by any of the foregoing officers in a writing delivered to the Agents.

"Availability" means, at any time, the difference between (a) the Total Revolving Credit Commitment and (b) the aggregate outstanding principal amount of all Revolving Loans.

"Bankruptcy Code" means Title 11 of the United States Code, as amended from time to time and any successor statute or any similar federal or state law for the relief of debtors

"Board" means the Board of Governors of the Federal Reserve System of the United States.

"Board of Directors" means, (a) with respect to any corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board, (b) with respect to a partnership, the board of directors or equivalent governing body of the general partner of the partnership, (c) with respect to a limited liability company, the managing member or members or any controlling committee or board of managers of such company or the sole member or the managing member thereof, and (d) with respect to any other Person, the board or committee of such Person serving a similar function.

"Borrower" and "Borrowers" have the meanings specified therefor in the preamble hereto. As of the Effective Date, the Administrative Borrower is the only Borrower under this Agreement.

"Business Day" means (a) for all purposes other than as described in clause (b) below, any day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required to close, and (b) with respect to the borrowing, payment or continuation of, or determination of interest rate on, LIBOR Rate Loans, any day that is a Business Day described in clause (a) above and on which dealings in Dollars may be carried on in the interbank eurodollar markets in New York City and London.

"Capital Expenditures" means, with respect to any Person for any period, the aggregate of all expenditures by such Person and its Subsidiaries during such period that in accordance with GAAP are or should be included in "property, plant and equipment" or in a similar fixed asset account on its balance sheet, whether such expenditures are paid in cash or financed and including all Capitalized Lease Obligations added during such period; provided, that the term "Capital Expenditures" shall not include any such expenditures which constitute (a) expenditures by the Parent or any of its Subsidiaries made in connection with the replacement, substitution or restoration of such Person's assets (i) to the extent financed from (A) insurance proceeds and other proceeds relating to the loss of property paid on account of the loss of or damage to, destruction of or condemnation of the assets being replaced or restored by such Person that has received such proceeds or (B) proceeds received by such Person from any Disposition permitted under this Agreement, in each case, so long as the Borrowers are permitted to reinvest such proceeds pursuant to Section 2.05(c)(viii) or (ii) with compensation awards arising from the taking by eminent domain or condemnation of the assets being replaced, (b) expenditures financed with the proceeds received from the sale or issuance of Equity Interests

to the Sponsor or any other Persons, (c) a Permitted Acquisition or any investment permitted hereunder, (d) expenditures that are accounted for as capital expenditures of such Person and that actually are paid for by a third party (excluding any Loan Party) and for which no Loan Party has provided or is required to provide or incur, directly or indirectly, any consideration or obligation to such third party or any other person (whether before, during or after such period), and (e) the purchase price of equipment that is purchased substantially contemporaneously with the trade in of existing equipment to the extent that the gross amount of such purchase price is reduced by the credit granted by the seller of such equipment for the equipment being traded in at such time.

"Capitalized Lease" means, with respect to any Person, any lease of real or personal property by such Person as lessee which is (a) required under GAAP to be capitalized on the balance sheet of such Person or (b) a transaction of a type commonly known as a "synthetic lease" (i.e., a lease transaction that is treated as an operating lease for accounting purposes but with respect to which payments of rent are intended to be treated as payments of principal and interest on a loan for Federal income tax purposes).

"Capitalized Lease Obligations" means, with respect to any Person, obligations of such Person and its Subsidiaries under Capitalized Leases, and, for purposes hereof, the amount of any such obligation shall be the capitalized amount thereof determined in accordance with GAAP.

"Cash Equivalents" means

(a) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case, maturing within 1 year from the date of acquisition thereof;

(b) marketable direct obligations issued or fully guaranteed by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within 1 year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either Standard & Poor's Rating Group or Moody's Investors Service, Inc.;

(c) commercial paper, maturing not more than 1 year after the date of issue rated P-1 by Moody's or A-1 by Standard & Poor's;

(d) certificates of deposit maturing not more than 1 year after the date of issue, issued by commercial banking institutions and money market or demand deposit accounts maintained at commercial banking institutions, each of which is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than $500,000,000;

(e) deposit accounts maintained with (i) any bank that satisfies the criteria described in clause (d) above, or (ii) any other bank organized under the laws of the United States or any state thereof so long as the full amount maintained with any such other bank is insured by the Federal Deposit Insurance Corporation;

(f) repurchase agreements having maturities of not more than 90 days from the date of acquisition which are entered into with major money center banks included in the commercial banking institutions described in clause (c) above and which are secured by readily marketable direct obligations of the United States Government or any agency thereof;

(g) debt securities with maturities of 6 months or less from the date of acquisition backed by standby letters of credit issued by any commercial bank satisfying the criteria described in clause (d) above;

(h) money market accounts maintained with mutual funds having assets in excess of $500,000,000, which assets are primarily comprised of Cash Equivalents described in another clause of this definition; and

(i) marketable tax exempt securities rated A or higher by Moody's or A+ or higher by Standard & Poor's, in each case, maturing within 270 days from the date of acquisition thereof.

"Cash Management Accounts" means the bank accounts of each Loan Party (other than the Excluded Accounts) maintained at one or more Cash Management Banks listed on Schedule 8.01.

"Cash Management Bank" has the meaning specified therefor in Section 8.01(a).

"CEA" means the Commodity Exchange Act (7 U.S.C.§1 et seq.), as amended from time to time, and any successor statute.

"Cerberus" has the meaning specified therefor in the preamble hereto. "CFTC" means the Commodity Futures Trading Commission.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation, judicial ruling, judgment or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives concerning capital adequacy promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities shall, in each case, be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change of Control" means each occurrence of any of the following:

(a) at any time prior to a public offering of any Equity Interests of the Parent or any parent company of the Parent, (i) the Permitted Holders cease beneficially and of record to own and control, directly or indirectly, at least 51% on a fully diluted basis of the aggregate outstanding voting power of the Equity Interests of the Parent, (ii) the Sponsor ceases beneficially and of record to own and control, directly or indirectly, at least 33% on a fully

diluted basis of the aggregate outstanding voting power of the Equity Interests of the Parent or (iii) the Sponsor ceases beneficially and of record to own and control, directly or indirectly, the largest percentage on a fully diluted basis of the aggregate outstanding voting power of the Equity Interests of the Parent necessary to nominate or elect a majority of the Board of Directors of the Parent;

(b) at any time after a public offering of any Equity Interests of the Parent or any parent company of the Parent, the acquisition, directly or indirectly, by any person or group (within the meaning of Section 13(d)(3) of the Exchange Act), other than a Permitted Holder, of beneficial ownership of more than the greater of (x) 35% of the aggregate outstanding voting power of the Equity Interests of the Parent and (y) the percentage on a fully diluted basis of the aggregate outstanding voting power of the Equity Interests of the Parent then owned by the Permitted Holders;

(c) at any time after a public offering of any Equity Interests of the Parent or any parent company of the Parent, during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Parent (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Parent was approved by a vote of at least a majority the directors of the Parent then still in office who were either directors at the beginning of such period, or whose election or nomination for election was previously approved) cease for any reason to constitute a majority of the Board of Directors of the Parent;

(d) the Parent shall cease to have, directly or indirectly, the aggregate beneficial ownership (as defined in Rule13d-3 under the Exchange Act) of at least the percentage of the aggregate voting power or economic power of the Equity Interests of each other Loan Party held by it on the Effective Date (or, with respect to any Subsidiary that becomes a Loan Party after the Effective Date, on the date such Subsidiary becomes a Loan Party hereunder), other than pursuant to a transaction permitted under Section 7.02(c) of this Agreement; or

(e) at any time after a public offering of any of the Equity Interests of the Parent or any parent company of the Parent (i) any Loan Party consolidates or amalgamates with or merges into another entity or conveys, transfers or leases all or substantially all of its property and assets to another Person, unless otherwise permitted hereunder or (ii) any entity consolidates or amalgamates with or merges into any Loan Party in a transaction pursuant to which the outstanding voting Equity Interests of such Loan Party are reclassified or changed into or exchanged for cash, securities or other property, other than any such transaction described in this clause (ii) in which either (A) in the case of any such transaction involving the Parent, no person or group (within the meaning of Section 13(d)(3) of the Exchange Act) other than a Permitted Holder has, directly or indirectly, acquired beneficial ownership of more than 35% of the aggregate outstanding voting Equity Interests of the Parent or (B) in the case of any such transaction involving a Loan Party other than the Parent, the Parent has beneficial ownership on a fully diluted basis of at least the same percentage of the aggregate voting and economic power of all Equity Interests of the resulting, surviving or transferee entity as it held prior to the date of such transaction.

"Club Ready Settlement" means the settlement agreement between Xponential Fitness LLC, ClubEssential Holdings, LLC and ClubReady, LLC pursuant to which ClubReady, LLC has agreed to reimbursement Xponential Fitness LLC for payments made in connection with third-party development labor in an amount not to exceed $2,000,000.

"Collateral" means all of the property and assets and all interests therein and proceeds thereof now owned or hereafter acquired by any Loan Party upon which a Lien is granted or purported to be granted by such Loan Party as security for all or any part of the Obligations; provided, that the term "Collateral" shall not include any "Excluded Property" (as defined in the Security Agreement).

"Collateral Agent" has the meaning specified therefor in the preamble hereto.

"Commitments" means, with respect to each Lender, such Lender's Revolving Credit Commitment and Term Loan Commitment.

"Competitor" means any Person which is a direct competitor of the Loan Parties or their Subsidiaries in the same or substantially similar line of business as the Loan Parties or their Subsidiaries as of the Effective Date, if, in each case, at the time of a proposed assignment or participation, Agents and the assigning Lender have been notified in writing by the Administrative Borrower that such a Person is a direct competitor of the Loan Parties or their Subsidiaries.

"Compliance Certificate" has the meaning specified therefor in Section 7.01(a)(iv).

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated EBITDA" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period:

(a) increased (without duplication) by the following, in each case (other than clauses (vii) and (ix)) to the extent deducted (and not added back) in determining Consolidated Net Income for such period:

(i) any provision for (or less any benefit, including income tax credits and refunds, from) income taxes (including franchise, gross receipts and single business taxes imposed in lieu of income taxes); plus

(ii) depreciation and amortization expense of such Person for such period; plus

(iii) the amount of any documented and clearly identifiable restructuring charges; provided that the amounts added to Consolidated EBITDA pursuant

to this clause (iii) shall not exceed the lesser of 5% of Consolidated EBITDA and $3,000,000 for any period; and provided further, that amounts added to Consolidated EBITDA pursuant to this clause (iii) when aggregated with amounts added to Consolidated EBITDA pursuant to clause (vi) (other than pursuant to clause (vi)(1)) and clause (vii) shall not exceed (x) the lesser of 20% of Consolidated EBITDA and $11,000,000 for any period ending on or before June 30, 2020, (y) the lesser of 12.5% of Consolidated EBITDA and $8,000,000 for any period ending after June 30, 2020 but on or before December 31, 2020, and (z) the lesser of 10% of Consolidated EBITDA and $6,500,000 for any period ending thereafter; plus

(iv) any other non-cash charges or adjustments, including (A) any write offs or write downs reducing Consolidated Net Income for such period, (B) equity-based awards compensation expense and expenses related to or associated with deferred compensation programs, (C) losses on sales, disposals or abandonment of, or any impairment charges or asset write-down or write-off related to, intangible assets, long-lived assets, inventory and investments in debt and equity securities, (D) all losses from investments recorded using the equity method, (E) charges for facilities closed prior to the applicable lease expiration, and (F) non-cash expenses in connection with new studio or other facility openings and closings; plus

(v) the amount of (i) board of directors fees not to exceed $500,000 in the aggregate for such period and (ii) any Permitted Management Fees and related indemnities and expenses paid or accrued in such period under the Management Agreement, in each case, to the extent permitted hereunder; plus

(vi) (1) all fees, costs, charges or expenses in connection with Permitted Acquisitions and other Investments permitted hereunder (including Acquisitions consummated prior to the Effective Date), whether or not such acquisitions are consummated; provided, (A) with respect to Permitted Acquisitions and other Investments permitted hereunder that are consummated, such fees, costs, charges or expenses (a) are incurred within 120 days following the consummation of such acquisition or Investment and (b) shall not exceed $1,500,000 for any period, and (B) with respect to acquisitions and Investments which are not consummated, the aggregate amount of such fees, costs, charges or expenses added back shall not exceed $750,000 in the aggregate for such period and (2) the amount of extraordinary, nonrecurring or unusual losses (including all fees and expenses relating thereto), charges or expenses, integration costs, transition costs, pre- opening, opening, consolidation and closing costs for facilities or studios, costs and operating expenses incurred in connection with any strategic initiatives or attributable to the implementation of cost saving initiatives, costs or accruals or reserves incurred in connection with Permitted Acquisitions and whether or not such acquisitions are consummated) whether on, after or prior to the Effective Date, other business optimization expenses (including costs and expenses relating to business optimization programs and new systems design and implementation costs), severance costs and expenses, one-time compensation charges, retention or completion bonuses, executive recruiting costs,

consulting fees, restructuring costs and reserves, and curtailments or modifications to pension and postretirement employee benefit plans; provided, that the amounts added to Consolidated EBITDA pursuant to this clause (vi)(2) shall not exceed the lesser of 17.5% of Consolidated EBITDA and $11,000,000 for such period; and provided further, that amounts added to Consolidated EBITDA pursuant to this clause (vi) (other than pursuant to clause (vi)(1)) when aggregated with amounts added to Consolidated EBITDA pursuant to clause (iii) and clause (vii) shall not exceed (x) the lesser of 20% of Consolidated EBITDA and $11,000,000 for any period ending on or before June 30, 2020, (y) the lesser of 12.5% of Consolidated EBITDA and $8,000,000 for any period ending after June 30, 2020 but on or before December 31, 2020, and (z) the lesser of 10% of Consolidated EBITDA and $6,500,000 for any period ending thereafter; plus

(vii) the amount of "run-rate" cost savings, cost synergies and operating expense reductions related to restructurings, or cost savings initiatives that are projected by the Administrative Borrower in good faith to result from Permitted Acquisitions and Investments permitted hereunder with respect to which all actions have been taken and factual support has been provided to Lenders, in each case, during the 12 month period following such Permitted Acquisition or Investment (provided that in each case, such cost savings, cost synergies or operating expense reductions shall be certified by management of the Administrative Borrower and calculated on a pro forma basis as though such cost savings, cost synergies or operating expense reductions had been realized on the first day of such period), net of the amount of actual benefits realized from such actions during such period (it is understood and agreed that "run-rate" means the full recurring benefit that is associated with any action taken (which adjustments shall exclude the annualization of any studio royalties); provided that such cost savings, cost synergies and operating expenses are reasonably identifiable and factually supportable; and provided further that the amounts added to Consolidated EBITDA pursuant to this clause shall not exceed the lesser of 7.5% of Consolidated EBITDA and $4,000,000 for such period; and provided further, that amounts added to Consolidated EBITDA pursuant to this clause (vii) when aggregated with amounts added to Consolidated EBITDA pursuant to clause (iii) and clause (vi) (other than pursuant to clause (vi)(1)) shall not exceed (x) the lesser of 20% of Consolidated EBITDA and $11,000,000 for any period ending on or before June 30, 2020, (y) the lesser of 12.5% of Consolidated EBITDA and $8,000,000 for any period ending after June 30, 2020 but on or before December 31, 2020, and (z) the lesser of 10% of Consolidated EBITDA and $6,500,000 for any period ending thereafter; plus

(viii) any non-cash costs or expense incurred by the Parent or a Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement; plus

(ix) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to clause (b) below for any previous period and not added back; plus

(x) Consolidated Interest Expense for such period; plus

(xi) to the extent covered by insurance and actually reimbursed in cash, expenses with respect to liability or casualty events; plus

(xii) any proceeds of a business interruption insurance claim actually received in cash and solely to the extent replacing lost profits; plus

(xiii) any losses or start-up costs or expenses (excluding marketing costs and expenses funded or reasonably and in good faith expected to be funded with amounts contributed by franchisees in to marketing funds) incurred and reducing Consolidated Net Income for such period; provided that with respect to any test period, such amounts (A) be solely and directly attributable to any brand acquired by the Parent or any other Loan Party during the trailing twelve month period following the acquisition of such brand, (B) shall not exceed an amount equal to (i) $2,000,000 in the aggregate for any period ending after December 31, 2019 but on or prior to March 31, 2020, (ii) $1,000,000 in the aggregate for any period ending after March 31, 2020 but on or prior to June 30, 2020 and (iii) $0 in the aggregate for any period ending after June 30, 2020 and (C) be supported by documentation to the satisfaction of the Administrative Agent; plus

(xiv) solely to the extent not duplicative of amounts added back pursuant to clauses (i) through (xiii) above, addbacks identified in the RSM quality of earnings report dated February 27, 2020; plus

(xv) non-recurring Pure Barre Studio refresh expenses in an aggregate amount not to exceed $15,000,000; plus

(xvi) non-cash losses related to the fair value accounting of contingent liabilities including earn-outs; plus

(xvii) marketing expenses in an aggregate amount not to exceed (i) $1,750,000 for the period ending on March 31, 2020, (ii) $1,500,000 for the period ending on June 30, 2020, (iii) $1,000,000 for the period ending on September 30, 2020, and (iv) $0 for any period ending thereafter;

(b) decreased (without duplication) by the following, in each case to the extent included in determining Consolidated Net Income for such period:

(i) non-cash gains increasing Consolidated Net Income of such Person for such period, excluding anynon-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period; plus

(ii) any non-cash gains with respect to cash actually received in a prior period unless such cash did not increase Consolidated EBITDA in such prior period; plus

(iii) extraordinary gains and unusual ornon-recurring gains (less all fees and expenses relating thereto); plus

(iv) non-cash gains related to the fair value accounting of contingent liabilities including earn-outs;

(v) in each case to the extent included in determining such Consolidated Net Income for such period and without duplication, the amount of positive Consolidated EBITDA of Subsidiaries that have not guaranteed the Obligations hereunder and provided Liens on their assets securing the Obligations for such period;

(c) increased or decreased (without duplication) by, as applicable, any adjustments resulting from the application of FASB Accounting Standards Codification 460, Guarantees.

For purposes of determining compliance with any financial test or ratio hereunder, Consolidated EBITDA (computed in accordance with the terms of this definition) of any Subsidiary acquired in a Permitted Acquisition by the Parent or any of its Subsidiaries during such period shall be included in determining Consolidated EBITDA of the Parent and its Subsidiaries for any period as if such Subsidiary was acquired at the beginning of such period. Notwithstanding the foregoing, the amount added to Consolidated EBITDA pursuant to clauses (a)(iii), (a)(vi) (other than pursuant to clause (a)(vi)(1)), (a)(vii) and (a)(xiii) may in the aggregate not exceed (x) the lesser of 20% of Consolidated EBITDA and $11,000,000 for any period ending on or before June 30, 2020, (y) the lesser of 12.5% of Consolidated EBITDA and $8,000,000 for any period ending after June 30, 2020 but on or before December 31, 2020, and (z) the lesser of 10% of Consolidated EBITDA and $6,500,000 for any period ending thereafter.

Notwithstanding the foregoing, for each of the periods set forth below, Consolidated EBITDA shall be the amount set forth opposite such period:

APPLICABLE PERIOD	CONSOLIDATED EBITDA
Fiscal Quarter ended March 31, 2019	$ 17,129,000
Fiscal Quarter ended June 30, 2019	$ 14,284,000
Fiscal Quarter ended September 30, 2019	$ 15,085,000
Fiscal Quarter ended December 31, 2019	$ 15,280,000

"Consolidated Funded Indebtedness" means, with respect to any Person at any date and without duplication, all Indebtedness of such Person of the type described in clauses (a), (c), (e), (f) and (i) (to the extent (x) guaranteeing Indebtedness of the type described in clause (a), (c), (e) or (f) of the definition of Indebtedness or (y) consisting of Indebtedness with respect to

earn-outs or other deferred payments in respect of Acquisitions consummated prior to the Effective Date and listed on Schedule 1.01(B)) of the definition of Indebtedness, determined on a consolidated basis in accordance with GAAP, including, in any event, but without duplication, with respect to Parent and its Subsidiaries, the Loans and the amount of their Capitalized Lease Obligations.

"Consolidated Net Income" means, with respect to any Person, for any period, the consolidated net income (or loss) of such Person and its Subsidiaries for such period; provided, however, that the following shall be excluded (without duplication): (a) the net income of any other Person in which such Person or one of its Subsidiaries has a joint interest with a third-party (which interest does not cause the net income of such other Person to be consolidated into the net income of such Person), except to the extent of the amount of dividends or distributions paid to such Person or Subsidiary, (b) the net income of any Subsidiary of such Person that is, on the last day of such period, subject to any restriction or limitation on the payment of dividends or the making of other distributions, to the extent of such restriction or limitation, and (c) the net income of any other Person arising prior to such other Person becoming a Subsidiary of such Person or merging or consolidating into such Person or its Subsidiaries. On any date of determination, (a) at any time prior to September 30, 2021, the Consolidated Net Income will be measured on a Modified Cash Basis and (b) at any time on or after September 30, 2021 the Consolidated Net Income will be measured on a GAAP accrual basis.

"Consolidated Net Interest Expense" means, with respect to any Person for any period, (a) gross interest expense of such Person and its Subsidiaries for such period determined on a consolidated basis and in accordance with GAAP (including, without limitation, interest expense paid to Affiliates (other than the Loan Parties) of such Person, debt extinguishment costs, lender and agency fees and other loan servicing fees, Unused Line Fee, write-downs of deferred financing costs and original issue discount, commissions and fees with respect to letters of credit, imputed interest on Capitalized Leases and similar items), less (b) the sum of (i) interest income for such period and (ii) gains for such period on Hedging Agreements (to the extent not included in interest income above and to the extent not deducted in the calculation of gross interest expense), plus (c) the sum of (i) losses for such period on Hedging Agreements (to the extent not included in gross interest expense) and (ii) the upfront costs or fees for such period associated with Hedging Agreements (to the extent not included in gross interest expense), in each case, determined on a consolidated basis and in accordance with GAAP.

"Contingent Obligation" means, with respect to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, (a) the direct or indirect guaranty, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of a primary obligor, (b) the obligation to make take- or-pay or similar payments, if required, regardless of nonperformance by any other party or parties to an agreement, and (c) any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property,

assets, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that the term "Contingent Obligation" shall not include any indemnities on product warranties extended in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation with respect to which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability with respect thereto (assuming such Person is required to perform thereunder), as determined by such Person in good faith. All existing Contingent Obligations constituting earn-outs or other deferred payments in respect of Acquisitions consummated prior to the Effective Date are listed on Schedule 1.01(B).

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Controlled Investment Affiliate" means, as to any Person, any other Person that (a) directly or indirectly, is in control of, is controlled by, or is under common control with, such Person and (b) is organized by such Person primarily for the purpose of making equity or debt investments in one or more companies. For purposes of this definition, "control" of a Person means the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"DDTL Commitment Expiration Date" means the earliest to occur of (a) the date on which the Delayed Draw Term Loan Commitments have been fully drawn, (b) June 28, 2020, (c) the date on which the Delayed Draw Term Loan Commitments are terminated and permanently reduced to zero in accordance with Section 2.05(a)(iii) and (d) the date of the acceleration of the Loans in accordance with the terms of this Agreement.

"DDTL Unused Commitment Fee" has the meaning specified therefor in Section 2.06(c).

"Debtor Relief Law" means the Bankruptcy Code and any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief law of the United States or other applicable jurisdiction from time to time in effect.

"Default" means an event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Defaulting Lender" means any Lender that (i) has failed to fund any portion of the Loans required to be funded by it hereunder within one Business Day of the date required to be funded by it hereunder and has not cured such failure prior to the date of determination, (ii) has otherwise failed to pay over to any Agent or any other Lender any other amount required to be paid by it hereunder within one Business Day of the date when due, unless the subject of a good faith dispute, and has not cured such failure prior to the date of determination, or (iii) has been deemed insolvent or become the subject of an Insolvency Proceeding.

"Delayed Draw Term Loan" means, collectively, the loans made by the Delayed Draw Term Loan Lenders to the Borrowers pursuant to Section 2.01(a)(iii).

"Delayed Draw Term Loan Commitment" means, with respect to each Lender, the commitment of such Lender to make a Delayed Draw Term Loan to the Borrower in the amount set forth under the heading 'Delayed Draw Term Loan' in Schedule 1.01(A) hereto, as the same may be terminated or reduced from time to time in accordance with the terms of this Agreement.

"Delayed Draw Term Loan Lender" means a Lender with a Delayed Draw Term Loan Commitment or a Delayed Draw Term Loan.

"Disposition" means any transaction, or series of related transactions, pursuant to which any Person or any of its Subsidiaries sells, assigns, transfers or otherwise disposes of any property or assets (whether now owned or hereafter acquired) to any other Person, in each case, whether or not the consideration therefor consists of cash, securities or other assets owned by the acquiring Person, excluding any sales of Inventory in the ordinary course of business on ordinary business terms.

"Disqualified Equity Interests" means any Equity Interest that, by its terms (or by the terms of any security or other Equity Interest into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition, (a) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the date which is 91 days after the Final Maturity Date, (b) is convertible into or exchangeable for (i) debt securities or (ii) any Equity Interests referred to in clause (a) above, in each case at any time prior to the date which is 91 days after the Final Maturity Date, (c) contains any repurchase obligation that may come into effect either (i) prior to payment in full of all Obligations (other than unasserted contingent indemnification Obligations) or (ii) prior to the date that is 91 days after the Final Maturity Date or (d) provides for scheduled payments or the payment of cash dividends or distributions prior to the date that is 91 days after the Final Maturity Date; provided, however, that any Equity Interests that would not constitute Disqualified Equity Interests but for provisions thereof giving holders thereof (or the holders of any security into or for which such Equity Interests is convertible, exchangeable or exercisable) the right to require the issuer thereof to redeem such Equity Interests upon the occurrence of a Change of Control or a Disposition occurring prior to the date which is 91 days after the Final Maturity Date shall not constitute Disqualified Equity Interests if such Equity Interests provide that the issuer thereof will not redeem any such Equity Interests pursuant to such provisions prior to the date which is 91 days after the Final Maturity Date.

"Dollar," "Dollars" and the symbol "$" each means lawful money of the United States of America.

"Domestic Subsidiary" means any Subsidiary incorporated or organized under the laws of the United States of America, any state thereof or the District of Columbia.

"Effective Date" means February 28, 2020, the first date on which each of the conditions precedent set forth in Section 5.01 shall have been satisfied (or waived) in a manner reasonably satisfactory to the Agents.

"Effectiveness Date" means the date indicated in a document or agreement to be the date on which such document or agreement becomes effective, or, if there is no such indication, the date of execution of such document or agreement.

"Eligible Contract Participant" means an "eligible contract participant" as defined in the CEA and regulations thereunder.

"Eligibility Date" means, with respect to each Borrower and Guarantor and each Swap, the date on which this Agreement or any other Loan Document becomes effective with respect to such Swap (for the avoidance of doubt, the Eligibility Date shall be the Effectiveness Date of such Swap if this Agreement or any other Loan Document is then in effect with respect to such Borrower or Guarantor, and otherwise it shall be the Effectiveness Date of this Agreement and/or such other Loan Document(s) to which such Borrower or Guarantor is a party).

"Eligible Transferee" means (a) a Lender or any Affiliate of a Lender or a Related Fund, (b) a commercial bank organized under the laws of the United States, or any state thereof, and having total assets or net worth in excess of $100,000,000, (c) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development or a political subdivision of any such country and which has total assets or net worth in excess of $100,000,000, provided that such bank is acting through a branch or agency located in the United States, (d) a finance company, insurance company, or other financial institution or fund (other than an Affiliated Lender) that is engaged in making, purchasing, or otherwise investing in commercial loans in the ordinary course of its business and having (together with its Affiliates) total assets or net worth in excess of $100,000,000, and (e) any Affiliated Lender. No natural person (or any entity organized for the benefit of a natural person) shall be an Eligible Transferee.

"Employee Plan" means an employee benefit plan (other than a Multiemployer Plan) covered by Title IV of ERISA and maintained (or that was maintained at any time during the 6 calendar years preceding the date of any borrowing hereunder) for employees of any Loan Party or any of its ERISA Affiliates.

"Environmental Actions" means any written complaint, summons, citation, notice, directive, order, claim, litigation, investigation, judicial or administrative proceeding, judgment, letter or other written communication from any Person or Governmental Authority to any Loan Party or any of its Subsidiaries involving violations of Environmental Laws or Releases of Hazardous Materials (a) from any assets, properties or businesses owned or operated by any Loan Party or any of its Subsidiaries or any predecessor in interest; (b) from adjoining properties or businesses; or (c) onto any facilities which received Hazardous Materials generated by any Loan Party or any of its Subsidiaries or any predecessor in interest.

"Environmental Laws" means the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. § 1801, et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901, et seq.), the Federal Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.) and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), as such laws may be amended or otherwise modified from time to time, and any other Requirement of Law, permit, license or other binding determination of any Governmental Authority imposing liability or establishing standards of conduct for protection of the environment or other binding government restrictions relating to the protection of the environment or the Release, deposit or migration of any Hazardous Materials into the environment.

"Environmental Liabilities and Costs" means all liabilities, monetary obligations, Remedial Actions, losses, damages, punitive damages, consequential damages, treble damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants and costs of investigations and feasibility studies), fines, penalties, sanctions and interest which relate to any environmental condition on or a Release of Hazardous Materials from or onto (i) any property presently or formerly owned by any Loan Party or any of its Subsidiaries or (ii) any facility which received Hazardous Materials generated by any Loan Party or any of its Subsidiaries.

"Environmental Lien" means any Lien in favor of any Governmental Authority for Environmental Liabilities and Costs.

"Equity Interest" means (a) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, and (b) with respect to any Person that is not a corporation, any and all partnership, membership or other equity interests of such Person.

"Equity Issuance" means either (a) the sale or issuance by any Loan Party or any of its Subsidiaries of any shares of its Equity Interests or (b) the receipt by Parent of any cash capital contributions.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case, as in effect from time to time. References to sections of ERISA shall be construed also to refer to any successor sections.

"ERISA Affiliate" means, with respect to any Person, any trade or business (whether or not incorporated) which is a member of a group of which such Person is a member and which would be deemed to be a "controlled group" within the meaning of Sections 414(b), (c), (m) and (o) of the Internal Revenue Code.

"Event of Default" means any of the events set forth in Section 9.01.

"Excess Cash Flow" means, with respect to any Person for any period, (a) Consolidated EBITDA of such Person and its Subsidiaries for such period, less (b) the sum of (without duplication):

(i) all cash principal payments made pursuant to Sections 2.03(b) and 2.05(c)(v) and (vii) and all cash principal payments on other Indebtedness (other than the Loans) of such Person or any of its Subsidiaries during such period to the extent such other Indebtedness is permitted to be incurred, and such payments are permitted to be made, under this Agreement (but, in the case of revolving loans, only to the extent that the revolving loan commitment in respect thereof is permanently reduced by the amount of such payments),

(ii) all Consolidated Net Interest Expense to the extent paid or payable in cash during such period,

(iii) all payments paid in cash during such period on account of Capital Expenditures and Permitted Acquisitions by such Person and its Subsidiaries to the extent permitted to be made under this Agreement (excluding Capital Expenditures and Permitted Acquisitions to the extent financed through the incurrence of Indebtedness or through the issuance of Equity Interests),

(iv) all scheduled loan servicing fees and other similar fees in respect of Indebtedness of such Person or any of its Subsidiaries paid in cash during such period,

(v) income taxes paid in cash or payable by such Person and its Subsidiaries for such period and any Tax Distributions,

(vi) the aggregate amount paid by the Loan Parties and their Subsidiaries in cash during such period on account of Permitted Acquisitions (excluding the portion of such payments financed through the incurrence of Indebtedness or through the issuance of Equity Interests),

(vii) the excess, if any, of Working Capital at the end of such period minus Working Capital at the beginning of such period (or minus the excess, if any, of Working Capital at the beginning of such period minus Working Capital at the end of such period),

(viii) amounts on account of reserves or accruals established in purchase accounting,

(ix) the amount of Restricted Payments paid in cash pursuant to Section 7.02(h) during such period,

(x) Permitted Management Fees paid during such period to the extent permitted under Section 7.02(h), and

(xi) [Intentionally Omitted];

(xii) any Investments made in accordance with the terms of this Agreement, in each case except to the extent financed with the proceeds of long-term Indebtedness (other than Revolving Loans); and

(xiii) all other cash items added back to calculate Consolidated EBITDA during such period.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Accounts" means any Petty Cash Account and any other deposit account used for (a) funding payroll or segregating payroll taxes or funding other employee wage or benefit payments, (b) segregating 401(k) contributions or contributions to an employee stock purchase plan or (c) funding other employee health and benefit plans.

"Excluded Hedge Liability or Liabilities" means, with respect to each Borrower and Guarantor, each of its Swap Obligations if, and only to the extent that, all or any portion of this Agreement or any Other Document that relates to such Swap Obligation is or becomes illegal under the CEA, or any rule, regulation or order of the CFTC, solely by virtue of such Borrower's and/or Guarantor's failure to qualify as an Eligible Contract Participant on the Eligibility Date for such Swap. Notwithstanding anything to the contrary contained in the foregoing or in any other provision of this Agreement or any Other Document, the foregoing is subject to the following provisos: (a) if a Swap Obligation arises under a master agreement governing more than one Swap, this definition shall apply only to the portion of such Swap Obligation that is attributable to Swaps for which such guaranty or security interest is or becomes illegal under the CEA, or any rule, regulations or order of the CFTC, solely as a result of the failure by such Borrower or Guarantor for any reason to qualify as an Eligible Contract Participant on the Eligibility Date for such Swap; (b) if a guarantee of a Swap Obligation would cause such obligation to be an Excluded Hedge Liability but the grant of a security interest would not cause such obligation to be an Excluded Hedge Liability, such Swap Obligation shall constitute an Excluded Hedge Liability for purposes of the guaranty but not for purposes of the grant of the security interest; and (c) if there is more than one Borrower or Guarantor executing this Agreement or the Other Documents and a Swap Obligation would be an Excluded Hedge Liability with respect to one or more of such Persons, but not all of them, the definition of Excluded Hedge Liability or Liabilities with respect to each such Person shall only be deemed applicable to (i) the particular Swap Obligations that constitute Excluded Hedge Liabilities with respect to such Person, and (ii) the particular Person with respect to which such Swap Obligations constitute Excluded Hedge Liabilities.

"Excluded Subsidiary" means (a) any Immaterial Subsidiary, (b) any Non-Wholly Owned Subsidiary, (c) any Subsidiary that is prohibited or restricted by law, rule or regulation or by any contractual obligation from providing a guarantee or that would require a governmental (including regulatory) or third party consent, approval, license or authorization in order to provide such guarantee (including under any financial assistance, corporate benefit, thin capitalization, capital maintenance, liquidity maintenance or similar legal principles), it being understood that the Parent and its Subsidiaries shall have no obligation to obtain any such consent, approval, license or authorization, (d) any Foreign Subsidiary and (e) any other Subsidiary designated as such by the Administrative Agent in writing at the request of the Administrative Borrower, such designation to be granted in the reasonable discretion of the Administrative Agent.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profit Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.08, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Sections 2.08(d) or (e) and (d) any withholding Taxes imposed under FATCA.

"Executive Order No. 13224" means the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

"Existing Agent" means Monroe Capital Management Advisors, LLC.

"Existing Credit Facility" means that certain Second Amended and Restated Credit Agreement, dated as of October 25, 2018 (as amended, restated, supplemented or otherwise modified prior to the Effective Date), by and among the Administrative Borrower, St. Gregory Holdco, LLC, the other Loan Parties signatories thereto, the Existing Lenders and the Existing Agent, together with all other documents and instruments relating thereto.

"Existing Lenders" means the lenders party to the Existing Credit Facility.

"Extraordinary Receipts" means any cash received by Parent or any of its Subsidiaries in connection with the following: (a) foreign, United States, state or local tax refunds, (b) pension plan reversions, (c) proceeds of insurance and insurance claim refunds (excluding (i) insurance proceeds received which are owed to a third party (including legal, accounting and other professional and transaction fees arising from events giving rise to such proceeds) that is not an Affiliate of Parent or any of its Subsidiaries in accordance with applicable Requirements of Law or with Contractual Obligations entered into by the Loan Parties or their Subsidiaries from time to time in the ordinary course of business, (ii) so long as no Event of Default has occurred and is continuing, business interruption insurance proceeds (if any) and (iii) insurance proceeds received by the Parent or any of its Subsidiaries as reimbursement for any out-of-pocket costs incurred or made by such Person prior to the receipt thereof directly related to the event resulting from the payment of such proceeds), (d) judgments, proceeds of settlements or other consideration of any kind in connection with any cause of action (excluding, any portion thereof that represents out-of-pocket expenses by such Person), (e) condemnation

awards (and payments in lieu thereof) (excluding any portion thereof that represents out-of- pocket expenses by such Person) and (f) indemnity payments to the extent the amount received is not required to be remitted to any other Person (other than any Affiliate of Parent or any of its Subsidiaries) and to the extent such proceeds exceed the loss, damages, fees, costs and expenses incurred by or actual remediation and replacement costs of the applicable Loan Party or Subsidiary in connection with any such matter.

"Facility" means a parcel of real property owned in fee simple and described on Schedule 6.01(o), including, without limitation, the land on which such facility or office is located, all buildings and other improvements thereon, all fixtures located at or used in connection with such facility or office, all whether now or hereafter existing.

"FASB ASC" means the Accounting Standards Codification of the Financial Accounting Standards Board.

"FATCA" means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code, any intergovernmental agreement entered into in connection with the foregoing and any legislation, regulations or official rules or practices adopted pursuant to any such intergovernmental agreement.

"FCPA" has the meaning specified therefor in Section 6.01(jj).

"Federal Funds Effective Rate" for any day shall mean the rate per annum (based on a year of 360 days and actual days elapsed and rounded upward to the nearest 1/100 of 1%) announced by the Federal Reserve Bank of New York (or any successor) on such day as being the weighted average of the rates on overnight federal funds transactions arranged by federal funds brokers on the previous trading day, as computed and announced by such Federal Reserve Bank (or any successor) in substantially the same manner as such Federal Reserve Bank computes and announces the weighted average it refers to as the "Federal Funds Effective Rate" as of the date of this Agreement; provided, if such Federal Reserve Bank (or its successor) does not announce such rate on any day, the "Federal Funds Effective Rate" for such day shall be the Federal Funds Effective Rate for the last day on which such rate was announced.

"Fee Letter" means the fee letter, dated as of the Effective Date, among the Borrowers and the Collateral Agent

"Final Maturity Date" means the earliest of (i) February 28, 2025, (ii) the date on which all Loans shall become due and payable in accordance with the terms of this Agreement, and (iii) the payment in full of all Obligations (other than contingent indemnification obligations as to which no claim has been made) and the termination of all Commitments.

"Financial Statements" means (a) the audited consolidated balance sheet of the Parent and its Subsidiaries for the Fiscal Year ended December 31, 2018, and the related consolidated statement of operations, shareholders' equity and cash flows for the Fiscal Year then ended, and (b) the unaudited consolidated balance sheet of the Parent and its Subsidiaries for the thirteen months ended January 31, 2020, and the related consolidated statement of operations, shareholder's equity and cash flows for the thirteen months then ended.

"Fiscal Year" means the fiscal year of the Parent and its Subsidiaries ending on December 31 of each year.

"Flow of Funds Agreement" means a Flow of Funds Agreement, in form and substance reasonably satisfactory to the Collateral Agent, by and among the Loan Parties, the Agents, the Lenders and the other Persons party thereto, and the funds flow memorandum attached thereto describing the sources and uses of all cash payments in connection with the Transactions. Subsidiary.

"Foreign Subsidiary" means any Subsidiary of the Parent that is not a Domestic Subsidiary.

"Franchise" means a franchise or licensing arrangement subject to a Franchise Agreement for the operation of a Franchised Location.

"Franchise Agreements" means any franchise agreements whether now existing or hereafter entered into by the Parent or any of its Subsidiaries and related to the franchising of the business of operating a Franchised Location, and all other agreements with any Franchisee, sub-franchisee or similar Person to which any Loan Party is a party, in each case, related to the franchising of the business of operating a Franchised Location, all as amended or modified from time to time.

"Franchise Collections" mean those collections of the Parent and its Subsidiaries derived from any Accounts Receivable, however evidenced, constituting payment obligations, revenue, profits, income, royalties, finder's fees, and deferred sales fees payable to an obligor pursuant to the terms of any Franchise Agreements.

"Franchised Location" means a health and wellness facility owned and operated by a Loan Party or a Franchisee.

"Franchisee" means any franchisee under a Franchise Agreement.

"Funding Losses" has the meaning specified therefor in Section 2.09(e).

"GAAP" means generally accepted accounting principles in effect from time to time in the United States, applied on a consistent basis, provided that for the purposes of Section 7.03 hereof and the definitions used therein, "GAAP" shall mean generally accepted accounting principles in effect on the date hereof and consistent with those used in the preparation of the Financial Statements, provided, further, that if there occurs after the date of this Agreement any change in GAAP that affects in any respect the calculation of the financial covenant contained in Section 7.03 hereof, the Collateral Agent and the Administrative Borrower shall negotiate in good faith amendments to the provisions of this Agreement that relate to the calculation of such covenant with the intent of having the respective positions of the Lenders and the Borrowers after such change in GAAP conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have been agreed upon, the financial

covenant set forth in Section 7.03 hereof shall be calculated as if no such change in GAAP has occurred; provided that neither any Agent nor any Lender shall be entitled to receive any fees (other than reimbursement of their reasonable out-of-pocket expenses (including reasonable legal fees) pursuant to Section 12.04 hereof) in connection with such amendments.

"General Atlantic Investment" means receipt by the Parent of proceeds of a direct or indirect cash equity investment by General Atlantic LLC in an amount equal to no less than $80,000,000; provided, that all material terms and provisions of such investment shall be in form and substance reasonably satisfactory to the Agents.

"Governing Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization, and the operating agreement; (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture agreement, declaration or other applicable agreement or documentation evidencing or otherwise relating to its formation or organization; and (d) with respect to any of the entities described above, any other agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization.

"Governmental Authority" means any nation or government, any Federal, state, city, town, municipality, county, local or other political subdivision thereof or thereto and any department, commission, board, bureau, instrumentality, agency or other entity acting within its legal authority and exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including, without limitation, the SEC.

"Governmental Order" means any order, writ, judgment, injunction, decree, stipulation, determination, decision, verdict or award issued, made, rendered or entered by or with any Governmental Authority.

"Guaranteed Obligations" has the meaning specified therefor in Section 11.01.

"Guarantor" has the meaning specified therefor in the preamble hereto, it being understood and agreed that no Excluded Subsidiaries of the Parent shall be Guarantors.

"Guaranty" means (a) the guaranty of each Guarantor party hereto contained in ARTICLE XI hereof and (b) each other guaranty, in form and substance reasonably satisfactory to the Collateral Agent, made by any other Guarantor in favor of the Collateral Agent for the benefit of the Agents and the Lenders guaranteeing all or part of the Obligations.

"Hazardous Material" means (a) any element, compound or chemical that is defined, listed or otherwise classified as a contaminant, pollutant, toxic pollutant, toxic or hazardous substance, extremely hazardous substance or chemical, hazardous waste, special waste, or solid waste under Environmental Laws; (b) any pollutant, contaminant, waste, hazardous waste, toxic substance or dangerous good which is defined in or regulated as such by any Environmental Law and which is present in the environment in such quantity or state that it contravenes any Environmental Law; (c) petroleum and its refined products; (d) polychlorinated

biphenyls; (e) any substance exhibiting a hazardous waste characteristic, including, without limitation, corrosivity, ignitability, toxicity or reactivity as well as any radioactive or explosive materials; and (f) any raw materials, building components (including, without limitation, asbestos-containing materials) and manufactured products containing hazardous substances listed or classified as such under Environmental Laws.

"Hedging Agreement" means any interest rate, foreign currency, commodity or equity swap, collar, cap, floor, adjustable strike cap, adjustable strike corridor, cross-currency swap or forward rate agreement, or other agreement or arrangement designed to protect against fluctuations in interest rates or currency, commodity or equity values (including, without limitation, any option with respect to any of the foregoing and any combination of the foregoing agreements or arrangements, and (without limiting the generality of any of the foregoing) specifically including any foreign exchange transaction, including spot and forward foreign currency purchases and sales, listed or over-the-counter options on foreign currencies, non- deliverable forwards and options, foreign currency swap agreements, and currency exchange rate price hedging arrangements), and any confirmation executed in connection with any such agreement or arrangement.

"Highest Lawful Rate" means, with respect to any Agent or any Lender, the maximum non-usurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the Obligations under laws applicable to such Agent or such Lender which are currently in effect or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum non- usurious interest rate than applicable laws now allow.

"Holdout Lender" has the meaning specified therefor in Section 12.02(b).

"Immaterial Subsidiary" means any Subsidiary or group of Subsidiaries identified in writing to the Agents that does not account for, on an aggregate basis, greater than 2.0% of the assets or greater than 2.0% of the revenues of the Parent and its Subsidiaries on a consolidated basis.

"Indebtedness" means, with respect to any Person, without duplication, (a) all indebtedness of such Person for borrowed money; (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables and accrued expenses or other accounts payable incurred in the ordinary course of such Person's business and not outstanding for more than 90 days (180 days if a *bona fide* dispute exists in respect of such trade payable so long as adequate reserves have been set aside for the payment thereof on the Financial Statements in accordance with GAAP) after the date such payable was created); (c) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments or upon which interest payments are customarily made; (d) all reimbursement, payment or other obligations and liabilities of such Person created or arising under any conditional sales or other title retention agreement with respect to property used and/or acquired by such Person, even though the rights and remedies of the lessor, seller and/or lender thereunder may be limited to repossession or sale of such property, (e) all Capitalized Lease Obligations of such Person; (f) all obligations and liabilities, contingent or otherwise, of such Person, in respect of letters of credit, acceptances and similar facilities other than obligations and liabilities that are cash collateralized

on terms reasonably satisfactory to the Agents; (g) all net obligations and liabilities, calculated on a basis reasonably satisfactory to the Collateral Agent and in accordance with accepted practice, of such Person under Hedging Agreements; (h) all monetary obligations under any receivables factoring, receivable sales or similar transactions and all monetary obligations under any synthetic lease, tax ownership/operating lease, off-balance sheet financing or similar financing; (i) all Contingent Obligations; (j) all Disqualified Equity Interests; and (k) all obligations referred to in clauses (a) through (j) of this definition of another Person secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien upon property owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness, provided, however that if recourse in respect of any Indebtedness of the foregoing is limited to specific assets, then such Indebtedness shall be deemed to be equal to the lesser of (x) the aggregate unpaid amount of such Indebtedness and (y) the fair market value of the asset encumbered thereby as determined by such Person in good faith; provided further, that Indebtedness shall not include (i) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase price of an asset to satisfy warranties or other unperformed obligations of the seller of such asset, (ii) endorsements of checks or drafts arising in the ordinary course of business, (iii) preferred Equity Interests to the extent not constituting Disqualified Equity Interests, (iv) any earnout or similar purchase price obligation until such obligation becomes due and payable and required to be reflected on the balance sheet of such Person in accordance with GAAP, and (v) deferred fees and expenses payable under the Management Agreement. The Indebtedness of any Person shall include the Indebtedness of any partnership of or joint venture in which such Person is a general partner or a joint venturer, so long as, in the case of a joint venture, such Indebtedness is recourse to any Loan Party. For the avoidance of doubt, "Indebtedness" shall exclude operating leases.

"Indemnified Matters" has the meaning specified therefor in Section 12.15.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"Indemnitees" has the meaning specified therefor in Section 12.15.

"Ineligible Institutions" means (a) a Competitor, (b) those other entities designated in writing by the Administrative Borrower, delivered to the Collateral Agent and agreed to by the Collateral Agent or (c) in the case of clauses (a) and (b), any of their respective Affiliates that are (i) readily identifiable as Affiliates on the basis of their name or (ii) identified by name by the Administrative Borrower to the Collateral Agent in writing from time to time.

"Insolvency Proceeding" means any proceeding commenced by or against any Person under any provision of any Debtor Relief Law.

"Intercompany Subordination Agreement" means an Intercompany Subordination Agreement made by the Loan Parties in favor of the Collateral Agent for the benefit of the Agents and the Lenders, in form and substance reasonably satisfactory to the Collateral Agent.

"Initial Term Loan" means, collectively, the loans made by the Initial Term Loan Lenders to the Borrowers on the Effective Date pursuant to Section 2.01(a)(ii).

"Initial Term Loan Commitment" means, with respect to each Initial Term Loan Lender, the commitment of such Lender to make the Initial Term Loan on the Effective Date to the Borrowers in the amount set forth under the heading "Initial Term Loan" in Schedule 1.01(A) hereto, as the same may be terminated or reduced from time to time in accordance with the terms of this Agreement

"Initial Term Loan Lender" means a Lender with an Initial Term Loan Commitment or an Initial Term Loan.

"Interest Period" means, with respect to each LIBOR Rate Loan, a period commencing on the date of the making of such LIBOR Rate Loan (or the continuation of a LIBOR Rate Loan or the conversion of a Reference Rate Loan to a LIBOR Rate Loan) and ending 1, 2 or 3 months thereafter as selected by the Administrative Borrower; provided, however, that (a) if any Interest Period would end on a day that is not a Business Day, such Interest Period shall be extended (subject to clauses (c)-(e) below) to the next succeeding Business Day, (b) interest shall accrue at the applicable rate based upon the LIBOR Rate from and including the first day of each Interest Period to, but excluding, the day on which any Interest Period expires, (c) any Interest Period that would end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day, (d) with respect to an Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period), the Interest Period shall end on the last Business Day of the calendar month that is 1, 2 or 3 months after the date on which the Interest Period began, as applicable, and (e) the Administrative Borrower may not select an Interest Period which will end after the Final Maturity Date.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended (or any successor statute thereto) and the regulations thereunder.

"Inventory" means, with respect to any Person, all goods and merchandise of such Person, including, without limitation, all raw materials, work-in-process, packaging, supplies, materials and finished goods of every nature used or usable in connection with the shipping, storing, advertising or sale of such goods and merchandise, whether now owned or hereafter acquired.

"Investment" has the meaning specified therefor in Section 7.02(e); provided that the amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, less all returns of principal and other cash returns therefor.

"Joinder Agreement" means a Joinder Agreement, substantially in the form of Exhibit A, duly executed by a Domestic Subsidiary of a Loan Party made a party hereto pursuant to Section 7.01(b).

"Landlord Waivers" has the meaning specified therefor in Section 7.01(m).

"Lease" means any lease of real property to which any Loan Party or any of its Subsidiaries is a party as lessor or lessee.

"Lender" has the meaning specified therefor in the preamble hereto.

"LIBOR" means, with respect to any LIBOR Rate Loan for any Interest Period, the London interbank offered rate as calculated by the ICE Benchmark Administration (or any other Person that takes over the administration of such rate) and obtained through a nationally recognized service such as the Dow Jones Market Service (Telerate) or Reuters (or on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion; in each case, the "Screen Rate"), or a comparable or successor rate that has been approved by the Administrative Agent, at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; provided, that, if the Screen Rate shall not be available at such time for such Interest Period (an "Impacted Interest Period") with respect to Dollars, then LIBOR shall be the Interpolated Rate at such time. "Interpolated Rate" means, at any time, the rate per annum determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the Screen Rate for the longest period (for which that Screen Rate is available in Dollars) that is shorter than the Impacted Interest Period and (b) the Screen Rate for the shortest period (for which that Screen Rate is available for Dollars) that exceeds the Impacted Interest Period, in each case, at such time.

"LIBOR Notice" means a written notice substantially in the form of Exhibit C.

"LIBOR Option" has the meaning specified therefor in Section 2.07(a).

"LIBOR Rate" means, for each Interest Period for each LIBOR Rate Loan, the greater of (a) the rate per annum determined by the Administrative Agent (rounded upwards if necessary, to the next 1/100%) by dividing (i) LIBOR for such Interest Period by (ii) 100% minus the Reserve Percentage and (b) 1.375% in the case of Term Loans and 1.375% in the case of Revolving Loans. The LIBOR Rate shall be adjusted on and as of the effective day of any change in the Reserve Percentage. If, at any time, the supervisor for the administrator of the offered rates referenced in the definition of LIBOR Rate or a Governmental Authority has made a public statement identifying a specific date after which the offered rates referenced in the definition of LIBOR Rate shall no longer be used for determining interest rates for loans (an "Alternative Interest Rate Election Event"), then the Administrative Agent and the Administrative Borrower shall endeavor to establish an alternate rate of interest to the LIBOR Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable. To the extent an alternate rate of interest is adopted as contemplated hereby, the approved rate shall be applied in a manner consistent with prevailing market convention; provided that, to the extent such prevailing market convention is not administratively feasible for the Administrative Agent, such approved rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent and the

Administrative Borrower. From such time as an Alternative Interest Rate Election Event has occurred and is continuing until an alternate rate of interest has been determined in accordance with the terms and conditions of this paragraph, if any Notice of Borrowing requests a LIBOR Rate Loan, such Loan shall be made as a Base Rate Loan; provided that this sentence shall apply during such period only if the offered rate referenced in the definition of LIBOR Rate for such Interest Period is not available or published at such time on a current basis. Notwithstanding anything contained herein to the contrary, if such alternate rate of interest as determined in this paragraph is determined to be less than 1.375% per annum for Term Loans or 1.375% per annum for Revolving Loans, such rate shall be deemed to be 1.375% per annum for the purposes of this Agreement for Term Loans and 1.375% for the purposes of this Agreement for Revolving Loans.

"LIBOR Rate Loan" means each portion of a Loan that bears interest at a rate determined by reference to the LIBOR Rate.

"Lien" means any mortgage, deed of trust, pledge, lien (statutory or otherwise), security interest, charge or other encumbrance or security or preferential arrangement of any nature, including, without limitation, any conditional sale or title retention arrangement, any Capitalized Lease and any assignment, deposit arrangement or financing lease intended as, or having the effect of, security, but not including the interest of a lessor under a lease that is an operating lease.

"Loan" means the Term Loans or any Revolving Loan made by an Agent or a Lender to the Borrowers pursuant toARTICLE II hereof.

"Loan Account" means an account maintained hereunder by the Administrative Agent on its books of account at the Payment Office, and with respect to the Borrowers, in which the Borrowers will be charged with all Loans made to, and all other Obligations incurred by, the Borrowers.

"Loan Document" means this Agreement, the Fee Letter, any Guaranty, any Joinder Agreement, any Mortgage, any Security Agreement, the Flow of Funds Agreement, the Intercompany Subordination Agreement, any Perfection Certificate, any collateral access agreement, any landlord subordination or waiver agreement, any other agreement, instrument, certificate, report and other document executed and delivered pursuant hereto or thereto or otherwise evidencing or securing any Loan or any other Obligation.

"Loan Party" means any Borrower and any Guarantor.

"Management Agreement" means that certain Management Services Agreement, dated as of September 29, 2017, by and among TPG Growth III Management, LLC and H&W Investco Management LLC.

"Material Adverse Effect" means a material adverse effect on any of (a) the operations, business, assets, properties or financial condition of the Loan Parties taken as a whole, (b) the ability of the Loan Parties taken as a whole to perform any of their payment or reporting obligations under any Loan Document to which it is a party, (c) the legality, validity or enforceability against any Loan Party of this Agreement or any other material Loan Document, (d) the rights and remedies of any Agent or any Lender under any Loan Document, or (e) the

validity, perfection or priority of a Lien (other than the Collateral Agent's Lien on any Collateral the perfection of which is not required under the Loan Documents) in favor of the Collateral Agent for the benefit of the Agents and the Lenders on any of the Collateral having a fair market value in excess of $2,000,000 (except to the extent resulting from any actions or inactions on the part of the Agents based upon timely receipt of information regarding the Loan Parties as required by this Agreement).

"Material Contract" means, with respect to any Person, (a) each contract or agreement to which that Person or any of its Subsidiaries is a party involving aggregate consideration payable to or by that Person or that Subsidiary of $500,000 or more in any Fiscal Year; and (b) all other contracts or agreements as to which the breach, nonperformance, cancellation, or failure to renew (without contemporaneous replacement of substantially equivalent value) by any party could reasonably be expected to have a Material Adverse Effect.

"Material Real Estate Asset" means any individual real property owned in fee- simple, and the improvements thereto, located in the United States of America and having a fair market value (as determined by the Borrower in good faith after taking into account any liabilities with respect thereto that impact such fair market value) in excess of $500,000.

"Modified Cash Basis" means financial reporting on a GAAP accrual basis, except franchise territory sales and equipment sales will be recorded on a cash basis.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Mortgage" means a mortgage, deed of trust or deed to secure debt, in form and substance reasonably acceptable to the Collateral Agent, made by a Loan Party in favor of the Collateral Agent for the benefit of the Agents and the Lenders, securing the Obligations and delivered to the Collateral Agent pursuant to Section 7.01(b), (o), (s) or otherwise.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which any Loan Party or any of its ERISA Affiliates has contributed, or has been obligated to contribute, to at any time during the preceding 6 years.

"Net Cash Proceeds" means, (a) with respect to any Disposition by any Person or any of its Subsidiaries, the aggregate amount of cash received (directly or indirectly) from time to time (whether as initial consideration or through the payment or disposition of deferred consideration but only as and when received) by or on behalf of such Person or such Subsidiary, in connection therewith after deducting therefrom only (i) the amount of any Indebtedness secured by any Permitted Lien on any asset (other than Indebtedness assumed by the purchaser of such asset) which is required to be, and is, repaid in connection with such Disposition (other than Indebtedness under this Agreement), (ii) reasonable expenses, attorneys' fees, accountants' fees, investment banking fees and other fees related thereto incurred by such Person or such Subsidiary in connection therewith, (iii) transfer taxes paid or reasonably estimated to be payable to any taxing authorities by such Person or such Subsidiary in connection therewith, and (iv) net income taxes to be paid or reasonably estimated to be payable in connection with such Disposition (after taking into account any tax credits or deductions and any tax sharing arrangements) or any Tax Distributions and (b) with respect to the issuance or incurrence of any

Indebtedness by any Person or any of its Subsidiaries, or an Equity Issuance, the aggregate amount of cash received (directly or indirectly) from time to time (whether as initial consideration or through the payment or disposition of deferred consideration) by or on behalf of such Person or such Subsidiary in connection therewith, after deducting therefrom only (i) reasonable expenses, attorneys' fees, investment banking fees, accountants' fees, underwriting discounts and commissions and other reasonable and customary fees and expenses related thereto incurred by such Person or such Subsidiary in connection therewith, (ii) transfer taxes paid or reasonably estimated to be payable by such Person or such Subsidiary in connection therewith and (iii) net income taxes to be paid or reasonably estimated to be payable in connection therewith (after taking into account any tax credits or deductions and any tax sharing arrangements) or any Tax Distributions; in each case of clause (a) and (b) to the extent, but only to the extent, that the amounts so deducted are (x) actually paid or payable to a Person that, except in the case of reasonable out-of-pocket expenses and tax payment, is not an Affiliate of such Person or any of its Subsidiaries and (y) properly attributable to such transaction or to the asset that is the subject thereof. Notwithstanding any of the foregoing, Net Cash Proceeds shall not include (A) the Net Cash Proceeds owed by a Loan Party to any third-party Person in which such Person has a joint equity interest in a Subsidiary of such Loan Party, (B) in the case of any Disposition or casualty event by a Non-Wholly Owned Subsidiary, the pro rata portion of the Net Cash Proceeds thereof (calculated without regard to this clause (B)) attributable to minority interests and not available for distribution to or for the account of the Borrower or any wholly- owned Subsidiary as a result thereof, (C) the amount of any reasonable reserve established in accordance with GAAP against any adjustment to the sale price or any liabilities (other than any taxes deducted pursuant to clauses (ii) or (iii) above) (1) related to any of the applicable assets and (2) retained by the Borrower or any of its Subsidiaries including, without limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations (however, the amount of any subsequent reduction of such reserve (other than in connection with a payment in respect of any such liability) shall be deemed to be Net Cash Proceeds of such Disposition or casualty event occurring on the date of such reduction) and (D) any funded escrow established pursuant to the documents evidencing any such sale or disposition to secure any indemnification obligations or adjustments to the purchase price associated with any such sale or disposition (provided that to the extent that any amounts are released from such escrow to a Borrower or a Subsidiary, such amounts net of any related expenses shall constitute Net Cash Proceeds).

"New Lending Office" has the meaning specified therefor in Section 2.08(d).

"New Subsidiary" has the meaning specified therefor in Section 7.01(b)(i).

"Non-U.S. Lender" has the meaning specified therefor in Section 2.08(d).

"Non-Qualifying Party" means any Borrower or any Guarantor that on the Eligibility Date fails for any reason to qualify as an Eligible Contract Participant.

"Non-Wholly Owned Subsidiary" means a Subsidiary of a Person that is not a Wholly-Owned Subsidiary.

"Notice of Borrowing" has the meaning specified therefor in Section 2.02(a).

"Obligations" means all present and future indebtedness, obligations, and liabilities of each Loan Party to the Agents and the Lenders arising under or in connection with this Agreement or any other Loan Document, whether or not the right of payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured, unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding referred to in Section 9.01. Without limiting the generality of the foregoing, the Obligations of each Loan Party under the Loan Documents include (a) the obligation (irrespective of whether a claim therefor is allowed in an Insolvency Proceeding) to pay principal, interest, charges, expenses, fees, attorneys' fees and disbursements, indemnities and other amounts payable by such Person under the Loan Documents and (b) the obligation of such Person to reimburse any amount in respect of any of the foregoing that any Agent or any Lender (in its sole discretion) may elect to pay or advance on behalf of such Person. Notwithstanding any of the foregoing, Obligations shall not include any Excluded Hedge Liabilities.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" has the meaning specified therefor in Section 2.08(b).

"Parent" has the meaning specified therefor in the preamble hereto.

"Participant Register" has the meaning specified therefor in Section 12.07(g).

"Payment Office" means the Administrative Agent's office located at 875 Third Avenue, New York, New York, 10022 or at such other office or offices of the Administrative Agent in the United States as may be designated in writing from time to time by the Administrative Agent to the Collateral Agent and the Administrative Borrower.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"Perfection Certificate" means a Perfection Certificate executed by the Administrative Borrower in form and substance reasonably acceptable to the Collateral Agent.

"Permitted Acquisition" means any Acquisition by a Loan Party or any Subsidiary of a Loan Party to the extent that each of the following conditions shall have been satisfied:

(a) the Borrowers shall have furnished to the Agents at least ten (10) Business Days prior to the consummation of such Acquisition (i) an executed term sheet and/or commitment letter (setting forth in reasonable detail the terms and conditions of such Acquisition) and, at the request of any Agent, such other information and documents that any Agent may reasonably request, including, without limitation, executed counterparts of the respective material agreements, instruments or other documents pursuant to which such

Acquisition is to be consummated (including, without limitation, any related management, non- compete, employment, option or other material agreements), any schedules to such agreements, instruments or other documents and all other material ancillary agreements, instruments or other documents to be executed or delivered in connection therewith, (ii) pro forma financial statements of the Parent and its Subsidiaries after the consummation of such Acquisition, (iii) historical financial statements relating to the business or Person to be acquired evidencing positive Consolidated EBITDA on a pro forma basis (with such adjustments as the Agents agree to in good faith) for the four fiscal quarter period most recently ended prior to the date the Acquisition, (iv) a certificate of the chief financial officer of the Administrative Borrower, demonstrating on a pro forma basis compliance, as of the most recently ended fiscal quarter period for which financial statements have been or are required to be delivered hereunder, with all financial covenant set forth in Section 7.03 hereof after the consummation of such Acquisition, and (v) copies of such other agreements, instruments or other documents (including, without limitation, the Loan Documents required by Section 7.01(b)) as any Agent may reasonably request; provided, that with respect to an Acquisition in which the consideration is less than $7,500,000 (a "Limited Permitted Acquisition"), so long as the cash purchase price for such Limited Permitted Acquisition, when aggregated with the cash purchase price of all Limited Permitted Acquisitions (including the proposed Limited Permitted Acquisition) in any Fiscal Year does not exceed $15,000,000, the Borrowers shall only be required to furnish to the Agents at least ten (10) Business Days prior to the consummation of such Acquisition, board materials containing material financial information with respect to such Acquisition provided to the Board of Directors of such Loan Party or its Subsidiaries;

(b) the agreements, instruments and other documents in connection with such Acquisition shall provide that (i) neither the Loan Parties nor any of their Subsidiaries shall, in connection with such Acquisition, assume or remain liable in respect of any Indebtedness of the seller or sellers, or other obligation of the seller or sellers (except for Permitted Indebtedness and obligations incurred in the ordinary course of business in operating the property so acquired and necessary and desirable to the continued operation of such property and except for Indebtedness that either (x) is permitted to be incurred pursuant to Section 7.02(c) or (y) the Agents, with the consent of the Required Lenders, otherwise expressly consent to in writing after their review of the terms of the proposed Acquisition), and (ii) all property to be so acquired in connection with such Acquisition shall be free and clear of any and all Liens, except for Permitted Liens (and if any such property is subject to any Lien not permitted by this clause (ii) then concurrently with such Acquisition such Lien shall be released);

(c) any Subsidiary to be acquired or formed as a result of such Acquisition shall be engaged in a similar business (or reasonably related thereto) as the Loan Parties and such Subsidiary will be a directly owned Subsidiary of a Loan Party (it being understood that such Subsidiary may have Foreign Subsidiaries, so long as the principal operations and material assets of the acquired business reside in the United States);

(d) such Acquisition shall be effected in such a manner so that the acquired Equity Interests or assets are owned either by a Loan Party or a directly owned Subsidiary of a Loan Party and, if effected by merger or consolidation involving a Loan Party, the continuing or surviving Person shall be such Loan Party or shall become a Loan Party, or Section 7.02(e) shall otherwise be complied with;

(e) any such Subsidiary (and its equityholders) shall execute and deliver the agreements, instruments and other documents required by Section 7.01(b); and

(f) no Event of Default shall have occurred and be continuing and none shall exist immediately after giving effect thereto; and

(g) the purchase price for such Acquisition shall not exceed $7,500,000, and, when aggregated with the purchase price of all Permitted Acquisitions (including the proposed Acquisition) consummated after the Effective Date, shall not exceed $15,000,000, provided that the portion (if any) of such purchase price funded with (x) Equity Interests of the Administrative Borrower or any parent company or Subsidiary of the Administrative Borrower or (y) the proceeds of equity contributions made by the Sponsor after the Effective Date shall, in each case, be excluded from the purchase price limitations set forth in this clause (g);

(h) after giving pro forma effect to such proposed Acquisition, the Total Leverage Ratio of the Parent and its Subsidiaries for the most recent fiscal quarter for which financial statements and a Compliance Certificate have been delivered pursuant to Section 7.01(a)(i) and (iv) shall not exceed 3.45 to 1.00; and

(i) immediately after giving effect to such Acquisition, Availability shall not be less than $5,000,000.

"Permitted Dispositions" means:

(a) Dispositions of obsolete or worn-out equipment in the ordinary course of business, provided that (i) the Net Cash Proceeds of such Dispositions does not exceed $500,000 in the aggregate in any Fiscal Year and $1,000,000 in the aggregate prior to the Final Maturity Date and (ii) in all cases, are applied in accordance with Section 2.05(c)(v);

(b) Dispositions of assets from any Loan Party or any of its Subsidiaries to any other Loan Party (other than the Parent) or any of its Subsidiaries, provided that, the aggregate amount of all Dispositions by a Loan Party to a Subsidiary of a Loan Party that is not a Loan Party under this clause (b) does not exceed $1,000,000 prior to the Final Maturity Date;

(c) leases or subleases of real property and licenses or sublicenses of intellectual property in the ordinary course of business which do not materially interfere with the business of the Loan Parties and their Subsidiaries in an aggregate amount not to exceed $750,000 during the term of this Agreement;

(d) Dispositions of equipment to the extent that such property is (i) exchanged for fair market value for credit against the purchase price of, or (ii) sold for fair market value in the ordinary course of business for, similar replacement or upgraded property;

(e) Dispositions by the Loan Parties and their Subsidiaries of real property not to exceed $100,000 in the aggregate;

(f) Dispositions (including discounts, cancellation or forgiveness) of Accounts Receivable in connection with compromise, write-down or collection thereof in the

ordinary course of business to the extent permitted under this Agreement or in connection with the bankruptcy or reorganization of the applicable Account Debtors and Dispositions of any securities received in any such bankruptcy or reorganization;

(g) (i) the lapse of registered intellectual property of the Loan Parties and their Subsidiaries to the extent not economically desirable in the conduct of their business or (ii) the abandonment of intellectual property rights in the ordinary course of business so long as (in each case under clauses (i) and (ii), such lapse is not materially adverse to the interests of the Secured Parties or the business of any Loan Party or any of its Subsidiaries;

(h) any involuntary condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, or confiscation or requisition of use of property;

(i) Dispositions of obsolete, surplus, uneconomical worn out or not useful property in the ordinary course of business;

(j) to the extent constituting a Disposition, the making of Investments permitted by Section 7.02(e) and Restricted Payments permitted by Section 7.02(h) and the granting of Permitted Liens and the issuance of Equity Interests (other than Disqualified Equity Interests);

(k) any surrender, waiver, settlement, compromise, modification or release of contractual rights in the ordinary course of business, or the settlement, release or surrender of tort or other claims of any kind; and

(l) Dispositions of Investments in joint ventures or Non-Wholly Owned Subsidiary to the extent required by, or made pursuant to customary buy/sell arrangements between, the joint venture or similar parties set forth in joint venture arrangements and/or similar binding arrangements;

(m) Dispositions of Investments permitted by Section 7.02(e)(xx); and

(n) Dispositions by the Borrowers and their Subsidiaries not otherwise permitted under clauses (a) through (m); provided that (i) the aggregate fair market value of all property Disposed of in reliance on this clause (l) (x) in any Fiscal Year shall not exceed $1,000,000 and (y) prior to the Final Maturity Date shall not exceed $2,000,000 and (ii) at least 75% of the purchase price for such asset shall be paid to the applicable Borrower or its Subsidiary in cash.

"Permitted Cure Equity" means Qualified Equity Interests of the Parent.

"Permitted Holder" means the Sponsor, LCAT Franchise Fitness Holdings, General Atlantic LLC and their respective Affiliates and Related Funds.

"Permitted Indebtedness" means:

(a) any Indebtedness owing to any Agent or any Lender under this Agreement and the other Loan Documents (including any guarantees hereof or thereof);

(b) any other Indebtedness listed on Schedule 7.02(b), and the extension of maturity, refinancing or modification of the terms thereof; provided, however, that (i) after giving effect to such extension, refinancing or modification, the amount of such Indebtedness is not greater than the amount of Indebtedness outstanding immediately prior to such extension, refinancing or modification (other than with respect to fees and expenses incurred for such refinancing, extension or modification) and (ii) no Loan Party or Subsidiary of a Loan Party that was not liable with respect to the Indebtedness prior to its refinancing or modification shall be liable with respect to such Indebtedness after giving effect to its refinancing or modification (a "Permitted Refinancing");

(c) (i) Indebtedness evidenced by Capitalized Lease Obligations listed on Schedule 7.02(c) and (ii) other Capitalized Lease Obligations entered into after the Effective Date in order to finance Capital Expenditures made by the Loan Parties and their Subsidiaries so long as such Indebtedness, when aggregated with the principal amount of all Indebtedness incurred under this clause (c) and clause (d) of this definition, does not exceed $1,000,000 outstanding at any time;

(d) Indebtedness permitted by clause (e)(i) of the definition of "Permitted Lien";

(e) Indebtedness permitted under Section 7.02(e);

(f) Subordinated Indebtedness in the aggregate principal amount at any time outstanding not to exceed $1,500,000 and any Permitted Refinancing thereof;

(g) Indebtedness of the Loan Parties or any of their respective Subsidiaries under any Hedging Agreement so long as such Hedging Agreements are used solely as a part of such Person's normal business operations as a risk management strategy or hedge against changes resulting from market operations and not as a means to speculate for investment purposes on trends and shifts in financial or commodities markets;

(h) Indebtedness in respect of guarantees by a Loan Party in respect of Indebtedness of any other Loan Party or any of its Subsidiaries permitted hereunder;

(i) Indebtedness owed by one Loan Party or any of its Subsidiaries to another Loan Party or any of its Subsidiaries, so long as the making of the loan or other advance by the Loan Party that is acting as the lender is permitted hereunder;

(j) Indebtedness incurred in the ordinary course of business in connection with cash pooling, netting and cash management arrangements consisting of overdrafts or similar arrangements; provided that any such Indebtedness does not consist of Indebtedness for borrowed money and is owed to the financial institutions providing such arrangements and such Indebtedness is extinguished within sixty (60) days;

(k) Indebtedness arising out of the issuance of surety, stay, customs or appeal bonds, letters of credit, bank guarantees and performance bonds and performance and completing guarantees or other similar obligations, in each case incurred in the ordinary course of business in connection with workers' compensation, health, disability or other employee benefits,

environmental obligations or property, casualty or liability insurance of Loan Parties and their Subsidiaries and in connection with other surety and performance bonds in the ordinary course of business, and reimbursement obligations in respect of any of the foregoing;

(l) Indebtedness of any of the Loan Parties or any of their respective Subsidiaries thereof consisting of (x) repurchase obligations with respect to Equity Interests of such Person issued to the directors, consultants, managers, officers and employees of any of the Loan Parties or any of their respective Subsidiaries thereof arising upon the death, disability or termination of employment of such director, consultant, manager, officer or employee to the extent such repurchase is permitted under Section 7.02(h) and (y) promissory notes issued by any of the Loan Parties or any of their respective Subsidiaries thereof to directors, consultants, managers, officers and employees (or their spouses or estates) of any of the Loan Parties or any of their respective Subsidiaries thereof to purchase or redeem Equity Interests of such of the Loan Parties or any of their respective Subsidiaries issued to such director, consultant, manager, officer or employee to the extent such purchase or redemption is permitted under Section 7.02(h);

(m) Indebtedness of a Subsidiary acquired after the Effective Date or an entity merged into or consolidated or amalgamated with a Loan Party or any Subsidiary after the Effective Date, and Indebtedness assumed in connection with the acquisition of assets, which Indebtedness exists at the time of such acquisition, merger or consolidation or amalgamation and is not created in contemplation of such event and where such acquisition, merger or consolidation or amalgamation is otherwise permitted under this Agreement;

(n) additional unsecured Indebtedness of the Loan Parties and their Subsidiaries in an aggregate principal amount not to exceed $1,500,000 at any one time outstanding;

(o) Indebtedness in respect of letters of credit issued by third party financial institutions, so long as the maximum aggregate principal amount of such Indebtedness shall not exceed $500,000;

(p) Indebtedness permitted under Section 9.02;

(q) Indebtedness in respect of earn-outs, purchase price adjustments and other similar payment obligations under agreements entered into in connection with Permitted Acquisitions (and not related to any Acquisition consummated prior to the Effective Date);

(r) Indebtedness incurred in respect of credit cards, credit card processing services, debt cards, stored value cards, purchase cards (including so-called “procurement cards” or “P-cards”) or other similar cash management services, in each case, incurred in the ordinary course of business;

(s) contingent liabilities in respect of any indemnification obligation, adjustment of purchase price,non-compete or similar obligation of any Loan Party incurred in connection with the consummation of one or more Permitted Acquisitions;

(t) to the extent constituting Indebtedness, deferred compensation to employees of the Loan Parties incurred in the ordinary course of business; and

(u) Indebtedness consisting of the financing of insurance premiums to the extent non-recourse (other than to the insurance premiums).

"Permitted Investments" means Cash Equivalents.

"Permitted Liens" means:

(a) Liens securing the Obligations;

(b) Liens for taxes, assessments and governmental charges the payment of which is not required under Section 7.01(c);

(c) Liens imposed by law, such as carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's and other similar Liens arising in the ordinary course of business and securing obligations (other than Indebtedness for borrowed money) that are not overdue by more than forty-five (45) days or which are bonded or are being contested in good faith and by appropriate proceedings promptly initiated and diligently conducted, and a reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor;

(d) Liens described on Schedule 7.02(a); provided, that (i) no such Lien shall at any time be extended to cover any additional property not subject thereto on the Effective Date and (ii) the principal amount of the Indebtedness secured by such Liens shall not be extended, renewed, refunded or refinanced unless such extension, renewal, refunding or refinancing is a Permitted Refinancing;

(e) (i) purchase money Liens on equipment or other assets acquired or held by any Loan Party or any of its Subsidiaries in the ordinary course of its business to secure the purchase price of such equipment or other assets or term loan Indebtedness incurred solely for the purpose of financing the acquisition of such equipment or other assets or (ii) Liens existing on such equipment or other assets at the time of its acquisition; provided, however, that, in case of both clause (i) and (ii) above, (A) no such Lien shall extend to or cover any other property of any Loan Party or any of its Subsidiaries, (B) the principal amount of the Indebtedness secured by any such Lien shall not exceed the lesser of 100% of the fair market value (as calculated at the time of the acquisition of such property) or the cost of the property so held or acquired and (C) the aggregate principal amount of Indebtedness secured by any or all such Liens shall not exceed the principal amount of all Indebtedness incurred under clause (c)(ii) of the definition of Permitted Indebtedness;

(f) deposits and pledges of cash securing (i) obligations incurred in respect of workers' compensation, unemployment insurance or other forms of governmental insurance or benefits, (ii) the performance of bids, tenders, leases, contracts (other than for the payment of money) and statutory obligations or (iii) obligations on surety or appeal bonds, but only to the extent such deposits or pledges are made or otherwise arise in the ordinary course of business and secure obligations not past due or to the extent contested in good faith by proper proceedings

which stay the imposition of any penalty, fine or Lien resulting from the non-payment thereof and with respect to which adequate reserves have been set aside for the payment thereof on the Financial Statements in accordance with GAAP;

(g) easements, zoning restrictions, survey defects, covenants, conditions, restrictions and similar encumbrances on real property and minor irregularities in the title thereto (and any renewal, replacement, or extension thereof) that do not materially impair the use of such property by any Loan Party or any of its Subsidiaries in the normal conduct of such Person's business;

(h) Liens (and any renewal, replacement, or extension thereof) on real property or equipment securing Indebtedness permitted by subsection (c) of the definition of Permitted Indebtedness;

(i) Liens in the ordinary course of business of a collection bank arising underSection 4-210 of the Uniform Commercial Code on items in the course of collection;

(j) Liens arising by operation of law under Article 2 of the UCC in favor of a reclaiming seller of goods or buyer of goods;

(k) brokers' Liens, bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and Cash Equivalents on deposit in one or more accounts maintained by any Borrower, Guarantor or Subsidiary thereof (including any restriction on the use of such cash and Cash Equivalents), in each case, granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, including any such Liens or rights of setoff securing amounts owing in the ordinary course of business to such bank with respect to cash management and operating account arrangements, including those involving pooled accounts and netting arrangements;

(l) intellectual property licenses, sub-licenses and other similar encumbrances incurred in the ordinary course of business that do not materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of any Borrower, Guarantor or Subsidiary thereof in an aggregate amount not to exceed $750,000;

(m) any exceptions (and any renewal, replacement, or extension thereof) in the Title Insurance Policy for any real property and any other exceptions raised by the title insurer in the title insurance commitment that are omitted from such Title Insurance Policy;

(n) Liens securing judgments for the payment of money not constituting an Event of Default underSection 9.01(k);

(o) any interest or title of a lessor under any lease or sublease entered into by any Loan Party or any of their Subsidiaries as permitted under this Agreement or in the ordinary course of business and any financing statement filed in connection with any such lease or sublease;

(q) Liens on cash collateral securing Indebtedness in respect of letters of credit permitted under clause (o) of the definition of "Permitted Indebtedness";

(r) Liens on assets of the applicable acquired subsidiary securing Indebtedness permitted under clause (m) of the definition of "Permitted Indebtedness";

(s) Liens in respect of interests in joint ventures; and

(t) other Liens (other than Liens securing Indebtedness) outstanding in an aggregate principal amount not to exceed $750,000.

"Permitted Management Fees" means, at any time prior to an initial public offering, so long as (a) no Event of Default has occurred and is continuing and (b) immediately before and after giving effect to such payment, (i) Availability plus Qualified Cash is greater than or equal to $2,000,000 and (ii) the Total Leverage Ratio of the Loan Parties is less than or equal to the then applicable Total Leverage Ratio required under Section 7.03 for the most recent fiscal quarter for which financial statements and a Compliance Certificate have been delivered pursuant to Section 7.01(a)(i) and (iv), all monitoring or consulting fees payable by any Loan Party pursuant to the Management Agreement in an aggregate amount not to exceed in any Fiscal Year $750,000; provided, that any Permitted Management Fees not paid, due to the failure to satisfy the payment conditions set forth in clauses (i) and (ii) above, shall be deferred and may be paid or distributed when such payment conditions have been satisfied.

"Permitted Refinancing" has the meaning specified therefor in clause (b) of the definition of "Permitted Indebtedness".

"Person" means an individual, corporation, limited liability company, partnership, association, joint-stock company, trust, unincorporated organization, joint venture or other enterprise or entity or Governmental Authority.

"Petty Cash Account" means one or more deposit accounts holding a maximum amount of funds on deposit in all such deposit accounts not to exceed $500,000 in the aggregate.

"Plan" means any Employee Plan or Multiemployer Plan.

"Post-Default Rate" means a rate of interest per annum equal to the rate of interest otherwise in effect from time to time pursuant to the terms of this Agreement plus two percent (2.00%).

"Projections" has the meaning set forth in Section 7.01(a)(vii).

"Pro Rata Share" means:

(a) with respect to a Lender's obligation to make Revolving Loans and receive payments of interest, fees, and principal with respect thereto, the percentage obtained by dividing (i) such Lender's Revolving Credit Commitment, by (ii) the Total Revolving Credit Commitment, provided, that, if the Total Revolving Credit Commitment has been reduced to zero, the numerator shall be the aggregate unpaid principal amount of such Lender's Revolving Loans (including Agent Advances) and the denominator shall be the aggregate unpaid principal amount of all Revolving Loans (including Agent Advances);

(b) with respect to a Lender's obligation to make the Initial Term Loan and receive payments of interest, fees, and principal with respect thereto, the percentage obtained by dividing (i) such Lender's Initial Term Loan Commitment, by (ii) the Total Initial Term Loan Commitment, provided that if the Total Initial Term Loan Commitment has been reduced to zero, the numerator shall be the aggregate unpaid principal amount of such Lender's portion of the Initial Term Loan and the denominator shall be the aggregate unpaid principal amount of the Initial Term Loan;

(c) with respect to a Lender's obligation to make a Delayed Draw Term Loan and receive payments of interest, fees, and principal with respect thereto, the percentage obtained by dividing (i) such Lender's Delayed Draw Term Loan Commitment, by (ii) the Total Delayed Draw Term Loan Commitment, provided that if the Total Delayed Draw Term Loan Commitment has been reduced to zero, the numerator shall be the aggregate unpaid principal amount of such Lender's portion of the Delayed Draw Term Loan and the denominator shall be the aggregate unpaid principal amount of the Delayed Draw Term Loan;

(d) with respect to all other matters (including, without limitation, the indemnification obligations arising underSection 10.05), the percentage obtained by dividing (i) the sum of such Lender's Revolving Credit Commitment, Delayed Draw Term Loan Commitment and the unpaid principal amount of such Lender's portion of the Term Loans, by (ii) the sum of the Total Revolving Credit Commitment, the Total Delayed Draw Term Loan Commitment and the aggregate unpaid principal amount of the Term Loans, provided, that, if such Lender's Revolving Credit Commitment shall have been reduced to zero, such Lender's Revolving Credit Commitment shall be deemed to be the aggregate unpaid principal amount of such Lender's Revolving Loans (including Agent Advances) and if the Total Revolving Credit Commitment shall have been reduced to zero, the Total Revolving Credit Commitment shall be deemed to be the aggregate unpaid principal amount of all Revolving Loans (including Agent Advances),

provided, that in the case of (a) and (b) above, the portion of Revolving Loans or the Term Loan held or deemed held by any Affiliated Lender, in each case, shall be excluded for the purposes of making a determination of Pro Rata Share to the extent such term is used to determine any voting rights of the Lenders.

"Public Company Costs" means charges, expenses and costs associated with, or in anticipation of, or preparation for, compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith and charges, expenses and costs in anticipation of, or preparation for, compliance with the provisions of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, as applicable to companies with equity or debt securities held by the public, the rules of national securities exchange for companies with listed equity or debt securities, including directors' or managers' compensation, fees and expense reimbursement, costs, expenses and charges relating to investor relations, shareholder meetings and reports to shareholders or debtholders, directors' and officers' insurance and other executive costs, legal and other professional fees, and listing fees.

"Qualified Cash" means, as of any date of determination, the amount of unrestricted cash and Cash Equivalents of Parent and its consolidated Subsidiaries held in Cash Management Accounts subject to Account Control Agreements.

"Qualified ECP Loan Party" means each Borrower or Guarantor that on the Eligibility Date is (a) a corporation, partnership, proprietorship, organization, trust, or other entity other than a "commodity pool" as defined in Section 1a(10) of the CEA and CFTC regulations thereunder that has total assets exceeding $10,000,000 or (b) an Eligible Contract Participant that can cause another person to qualify as an Eligible Contract Participant on the Eligibility Date under Section 1a(18)(A)(v)(II) of the CEA by entering into or otherwise providing a "letter of credit or keepwell, support, or other agreement" for purposes of Section 1a(18)(A)(v)(II) of the CEA.

"Qualified Equity Interests" means, with respect to any Person, all Equity Interests of such Person that are not Disqualified Equity Interests.

"Real Property Deliverables" has the meaning specified therefor in Section 7.01(o).

"Recipient" means (a) the Administrative Agent or (b) any Lender.

"Reference Rate" means, for any day, a rate per annum equal to the highest of (a) 4.75% per annum, (b) the Federal Funds Effective Rate in effect on such day plus 0.50% per annum, (c) the LIBOR Rate (which rate shall be calculated based upon an Interest Period of 1 month and shall be determined on a daily basis) plus 1.00% per annum, and (d) the rate last quoted by The Wall Street Journal as the "Prime Rate" in the United States or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as determined by the Administrative Agent). Each change in the Reference Rate shall be effective from and including the date such change is publicly announced as being effective.

"Reference Rate Loan" means each portion of a Loan that bears interest at a rate determined by reference to the Reference Rate.

"Register" has the meaning specified therefor in Section 12.07(d).

"Registered Loans" has the meaning specified therefor in Section 12.07(d).

"Regulation T", "Regulation U" and "Regulation X" mean, respectively, Regulations T, U and X of the Board or any successor, as the same may be amended or supplemented from time to time.

"Related Fund" means, with respect to any Person, a fund or account managed by the investment advisor or investment manager of such Person.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the direct and indirect equityholders, partners, directors, officers, employees, agents, consultants, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Related Party Assignment" has the meaning specified therefor in Section 12.07(b).

"Related Party Register" has the meaning specified therefor in Section 12.07(d).

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, seeping, migrating, dumping or disposing of any Hazardous Material (including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Material) into the indoor or outdoor environment, including, without limitation, the movement of Hazardous Materials through or in the ambient air, soil, surface or ground water, or property.

"Released Loan Party" has the meaning specified therefor in Section 12.25.

"Remedial Action" means all actions taken to (a) clean up, remove, remediate, contain, treat, monitor, assess, evaluate or in any other way address Hazardous Materials in the indoor or outdoor environment; (b) prevent or minimize a Release or threatened Release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (c) perform pre-remedial studies and investigations and post-remedial operation and maintenance activities; or (d) perform any other actions authorized by 42 U.S.C. § 9601.

"Replacement Lender" has the meaning specified therefor in Section 4.03(a).

"Reportable Event" means an event described in Section 4043 of ERISA (other than an event not subject to the provision for 30-day notice to the PBGC under the regulations promulgated under such Section).

"Required Amount" has the meaning specified therefor in Section 2.09(i)(i).

"Required Lenders" means Lenders whose Pro Rata Shares (calculated in accordance with clause (d) of the definition thereof) aggregate at least 50.1%.

"Requirements of Law" means, with respect to any Person, collectively, the common law and all federal, state, provincial, local, foreign, multinational or international laws, statutes, codes, treaties, standards, rules and regulations, guidelines, ordinances, orders, judgments, writs, injunctions, decrees (including administrative or judicial precedents or authorities) and the interpretation or administration thereof by, and other determinations, directives, requirements or requests of, any Governmental Authority, in each case that are applicable to and legally binding upon such Person or any of its property.

"Reserve Percentage" means, on any day, for any Lender, the maximum percentage prescribed by the Board (or any successor Governmental Authority) for determining

the reserve requirements (including any basic, supplemental, marginal, or emergency reserves) that are in effect on such date with respect to eurocurrency funding (currently referred to as "Eurocurrency Liabilities") of that Lender, but so long as such Lender is not required or directed under applicable regulations to maintain such reserves, the Reserve Percentage shall be zero.

"Restricted Payment" has the meaning specified therefor in Section 7.02(h).

"Revolving Credit Commitment" means, with respect to each Lender, the commitment of such Lender to make Revolving Loans to the Borrowers in the amount set forth opposite such Lender's name in Schedule 1.01(A) hereto, as such amount may be terminated or reduced from time to time in accordance with the terms of this Agreement.

"Revolving Loan" means a loan made by a Lender to the Borrowers pursuant to Section 2.01(a)(i).

"Revolving Loan Lender" means a Lender with a Revolving Credit Commitment.

"Revolving Loan Obligations" means any Obligations with respect to the Revolving Loans (including without limitation, the principal thereof, the interest thereon, and the fees and expenses specifically related thereto).

"Sanctioned Person" means any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, or debarred person under any of the U.S. Anti-Money Laundering and Anti-Terrorism Laws.

"SEC" means the Securities and Exchange Commission or any other similar or successor agency of the Federal government administering the Securities Act.

"Secured Party" means any Agent and any Lender.

"Securities Act" means the Securities Act of 1933, as amended, or any similar Federal statute, and the rules and regulations of the SEC thereunder, all as the same shall be in effect from time to time.

"Securitization" has the meaning specified therefor in Section 12.07(j).

"Security Agreement" means a Pledge and Security Agreement made by a Loan Party in favor of the Collateral Agent for the benefit of the Agents and the Lenders, in form and substance reasonably acceptable to the Collateral Agent, securing the Obligations and delivered to the Collateral Agent.

"Settlement Period" has the meaning specified therefor in Section 2.02(d)(i) hereof.

"Solvent" means, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person on a going concern basis is not less than the total amount of the liabilities of such Person, (b) the present fair salable value of the assets of such Person on a going concern basis is not less than the amount that will be required to pay the

probable liability of such Person on its existing debts as they become absolute and matured, (c) such Person is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business, (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (e) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

"Sponsor" means Snapdragon Capital Partners LLC and their Controlled Investment Affiliates (but excluding any portfolio company thereof).

"Standard & Poor's" means Standard & Poor's Ratings Services, a division of S&P Global Inc. and any successor thereto.

"Subordinated Indebtedness" means Indebtedness (including without limitation, Indebtedness obtained to finance a Permitted Acquisition) of any Loan Party; provided that such Indebtedness (a) has been expressly subordinated in right of payment to all Indebtedness of such Loan Party under the Loan Documents by the execution and delivery of a subordination agreement, in form and substance reasonably satisfactory to the Administrative Agent, (b) does not mature prior to the date that is 91 days after the Final Maturity Date, (c) has no scheduled amortization or payments, repurchases or redemptions of principal prior to the date that is 91 days after the Final Maturity Date, and (d) contains covenants that are no more restrictive than those contained herein.

"Subsidiary" means, with respect to any Person at any date, any corporation, limited or general partnership, limited liability company, trust, estate, association, joint venture or other business entity (a) the accounts of which would be consolidated with those of such Person in such Person's consolidated financial statements if such financial statements were prepared in accordance with GAAP or (b) of which more than 50% of (i) the outstanding Equity Interests having (in the absence of contingencies) ordinary voting power to elect a majority of the Board of Directors of such Person, (ii) in the case of a partnership or limited liability company, the interest in the capital or profits of such partnership or limited liability company or (iii) in the case of a trust, estate, association, joint venture or other entity, the beneficial interest in such trust, estate, association or other entity business is, at the time of determination, owned or controlled directly or indirectly through one or more intermediaries, by such Person.

"Swap" means any "swap" as defined in Section 1a(47) of the CEA and regulations thereunder other than (a) a swap entered into on, or subject to the rules of, a board of trade designated as a contract market under Section 5 of the CEA, or (b) a commodity option entered into pursuant to CFTC Regulation 32.3(a).

"Swap Obligation" means any obligation to pay or perform under any agreement, contract or transaction that constitutes a Swap.

"Tax Distributions" has the meaning specified therefor in Section 7.02(h)(A).

"Tax Group" has the meaning specified therefor in Section 7.02(h)(A).

"Tax Receivable Agreement" means a customary tax receivable agreement among Xponential Fitness, Inc., Parent and the "Members" party thereto, as such agreement may be amended or otherwise modified from time to time to the extent (solely in the event of amendments or modifications that are materially adverse to the interests of the Lenders, it being understood that any modification that would increase the obligations of the Parent and its Subsidiaries thereunder by more than 10% would be deemed materially adverse to the interests of the Lenders) approved in writing by the Collateral Agent.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term Loan" and "Term Loans" means, collectively, the Initial Term Loan and the Delayed Draw Term Loans, individually or collectively, as the context requires.

"Term Loan Commitment" means, collectively, the Initial Term Loan Commitment and the Delayed Draw Term Loan Commitment.

"Term Loan Lender" means a Lender with a Term Loan Commitment or a Term Loan.

"Term Loan Obligations" means any Obligations with respect to the Term Loans (including without limitation, the principal thereof, the interest thereon, and the fees and expenses specifically related thereto).

"Termination Event" means (a) a Reportable Event with respect to any Employee Plan, (b) any event that causes any Loan Party or any of its ERISA Affiliates to incur liability under Section 515 (other than for payment of timely contributions to one or more Multiemployer Plans), 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 4971 of the Internal Revenue Code, (c) the filing of a notice of intent to terminate an Employee Plan or the treatment of an Employee Plan amendment as a termination under Section 4041 of ERISA, (d) the institution of proceedings by the PBGC to terminate an Employee Plan, or (e) any other event or condition that could reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Employee Plan.

"Title Insurance Policy" means a mortgagee's loan policy, in form and substance reasonably satisfactory to the Collateral Agent, together with all reasonable and customary endorsements as the Collateral Agent may reasonably request to the extent the same are available in the applicable jurisdiction at commercially reasonable rates, provided however that (i) in lieu of a zoning endorsement the Collateral Agent shall accept a zoning report from a nationally recognized zoning report provider and (ii) an ALTA 9, Comprehensive Endorsement, shall not

be required if not available at a nominal rate, issued by or on behalf of a title insurance company reasonably satisfactory to the Collateral Agent, insuring the Lien created by a Mortgage in an amount equal to 115% of the fair market value of the Material Real Estate Asset covered thereby, delivered to the Collateral Agent.

"Total Commitment" means the sum of the Total Revolving Credit Commitment and the Total Term Loan Commitment.

"Total Delayed Draw Term Loan Commitment" means the sum of the amounts of the Delayed Draw Term Loan Commitments.

"Total Initial Term Loan Commitment" means the sum of the amounts of the Lenders' Initial Term Loan Commitments.

"Total Leverage Ratio" means, on any date of determination, the ratio of (a) the amount of Consolidated Funded Indebtedness of the Parent and its Subsidiaries on such date to (b) Consolidated EBITDA of the Parent and its Subsidiaries for the four consecutive fiscal quarter period ending prior to such date.

"Total Revolving Credit Commitment" means the sum of the amounts of the Lenders' Revolving Credit Commitments.

"Total Term Loan Commitment" means the sum of the amounts of the Total Initial Term Loan Commitments and the Total Delayed Draw Term Loan Commitments.

"Transactions" means, collectively, the transactions to occur on or about the Effective Date pursuant to the Loan Documents, including (a) the execution, delivery and performance of the Loan Documents and the making of the Loans hereunder, (b) the payment in full of the Existing Credit Facility, (c) the consummation of the Permitted Holder Contribution, and (d) the payment of all fees and expenses to be paid on or prior to the Effective Date and owing in connection with the foregoing.

"Transferee" means any Agent or any Lender (or any transferee or assignee thereof, including a participation holder.

"Uniform Commercial Code" has the meaning specified therefor in Section 1.03.

"Unused Line Fee" has the meaning specified therefor in Section 2.06(a).

"USA PATRIOT Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (PATRIOT) Act of 2001 (Title III of Pub. L. 107-56, Oct. 26, 2001)) as amended by the USA Patriot Improvement and Reauthorization Act of 2005 (Pub. L. 109-177, March 9, 2006) and as the same may have been or may be further renewed, extended, amended, or replaced.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Internal Revenue Code.

"WARN" has the meaning specified therefor in Section 6.01(z).

"Working Capital" means at any date of determination thereof, (i) the sum, for any Person and its Subsidiaries on a consolidated basis, of (A) the current expected balance of all Accounts Receivable of such Person and its Subsidiaries as at such date of determination, plus (B) the aggregate book value of all Inventory of such Person and its Subsidiaries as at such date of determination, plus (C) the aggregate amount of prepaid expenses and other current assets of such Person (other than cash and Cash Equivalents) and its Subsidiaries as at such date of determination, minus (ii) the sum, for such Person and its Subsidiaries, of (X) the unpaid amount of all accounts payable of such Person and its Subsidiaries as at such date of determination, plus (Y) the aggregate amount of all accrued expenses of such Person and its Subsidiaries as at such date of determination (but, excluding from accounts payable and accrued expenses, the current portion of long-term debt and all accrued interest, taxes and management fees).

Section 1.02 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any right or interest in or to assets and properties of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

Section 1.03 Certain Matters of Construction. References in this Agreement to "determination" by any Agent include good faith estimates by such Agent (in the case of quantitative determinations) and good faith beliefs by such Agent (in the case of qualitative determinations). A Default or Event of Default shall be deemed to exist at all times during the period commencing on the date that such Default or Event of Default occurs to the date on which such Default or Event of Default is waived in writing (which may include e-mail) pursuant to this Agreement or, in the case of a Default, is cured within any period of cure expressly provided for in this Agreement; and an Event of Default shall "continue" or be "continuing" until such Event of Default has been waived in writing (which may include e-mail) by the Required Lenders. Any Lien referred to in this Agreement or any other Loan Document as having been created in favor of any Agent, any agreement entered into by any Agent pursuant to this Agreement or any other Loan Document, any payment made by or to or funds received by any Agent pursuant to or as contemplated by this Agreement or any other Loan Document, or any act taken or omitted to be taken by any Agent, shall, unless otherwise expressly provided, be created, entered into, made or received, or taken or omitted, for the benefit or account of the

Agents and the Lenders. Wherever the phrase "to the knowledge of any Loan Party" or words of similar import relating to the knowledge or the awareness of any Loan Party are used in this Agreement or any other Loan Document, such phrase shall mean and refer to the actual knowledge of the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or general counsel of the Administrative Borrower, but in any event, with respect to financial matters, the chief executive officer, chief financial officer or treasurer of Administrative Borrower. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or otherwise within the limitations of, another covenant shall not avoid the occurrence of a default if such action is taken or condition exists. In addition, all representations and warranties hereunder shall be given independent effect so that if a particular representation or warranty proves to be incorrect or is breached, the fact that another representation or warranty concerning the same or similar subject matter is correct or is not breached will not affect the incorrectness of a breach of a representation or warranty hereunder. For purposes of covenant compliance, the amount of any Investment by a Loan Party or any of its Subsidiaries in any other Loan Party or Subsidiary of a Loan Party shall be the greater of (i) the amount actually invested decreased by management fees and distributions representing a return of capital with respect to such Investment received by a Loan Party or a Subsidiary and (ii) zero.

Section 1.04 Accounting and Other Terms. (a) Unless otherwise expressly provided herein, each accounting term used herein shall have the meaning given it under GAAP applied on a basis consistent with those used in preparing the Financial Statements. All terms used in this Agreement which are defined in Article 8 or Article 9 of the Uniform Commercial Code as in effect from time to time in the State of New York (the "Uniform Commercial Code") and which are not otherwise defined herein shall have the same meanings herein as set forth therein, provided that terms used herein which are defined in the Uniform Commercial Code as in effect in the State of New York on the date hereof shall continue to have the same meaning notwithstanding any replacement or amendment of such statute except as the Administrative Agent and the Administrative Borrower may otherwise agree in writing.

(b) For purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, (i) with respect to the accounting for leases as either operating leases or capital leases and the impact of such accounting in accordance with FASB ASC 840 (or any other similar promulgation or methodology under GAAP with respect to the same subject matter as FASB ASC 840) on the definitions and covenants herein, GAAP as in effect on December 31, 2016 shall be applied and (ii) for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Parent and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrowers or the Required Lenders shall so request, the Administrative Agent and the Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders and the Borrowers); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrowers shall provide to the Administrative Agent and the

Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

Section 1.05 Time References. Unless otherwise indicated herein, all references to time of day refer to Eastern Standard Time or Eastern daylight saving time, as in effect in New York on such day. For purposes of the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding"; provided, however, that with respect to a computation of fees or interest payable to any Agent or any Lender, such period shall in any event consist of at least one full day.

ARTICLE II

THE LOANS

Section 2.01 Commitments. (a) Subject to the terms and conditions and relying upon the representations and warranties herein set forth:

(i) each Revolving Loan Lender severally agrees to make Revolving Loans to the Borrowers at any time and from time to time from the Effective Date to the Final Maturity Date, or until the earlier reduction of its Revolving Credit Commitment to zero in accordance with the terms hereof, in an aggregate principal amount of Revolving Loans at any time outstanding not to exceed the amount of such Lender's Revolving Credit Commitment;

(ii) each Initial Term Loan Lender severally agrees to make the Initial Term Loan to the Borrowers on the Effective Date, in an aggregate principal amount equal to the amount of such Initial Term Loan Lender's Initial Term Loan Commitment; and

(iii) each Delayed Draw Term Loan Lender severally agrees to make the Delayed Draw Term Loans to the Borrower on any Business Day prior to the DDTL Commitment Expiration Date in Dollars in a principal amount not to exceed its Delayed Draw Term Loan Commitment; provided that the Delayed Draw Term Loans shall be advanced to the Borrower in a single draw.

(b) Notwithstanding the foregoing:

(i) No Revolving Loans will be advanced on the Effective Date.

(ii) Immediately after the Effective Date, the aggregate principal amount of Revolving Loans outstanding at any time to the Borrowers shall not exceed the Total Revolving Credit Commitment. The Revolving Credit Commitment of each Lender shall automatically and permanently be reduced to zero on the Final Maturity Date. Within the foregoing limits, the Borrowers may borrow, repay and reborrow Revolving Loans, immediately after the Effective Date and prior to the Final Maturity Date, subject to the terms, provisions and limitations set forth herein.

(iii) The aggregate principal amount of the Initial Term Loan made on the Effective Date shall not exceed the Total Initial Term Loan Commitment. Any principal amount of the Initial Term Loan which is repaid or prepaid may not be reborrowed.

(iv) The aggregate principal amount of the Delayed Draw Term Loans made hereunder shall not exceed the Total Delayed Draw Term Loan Commitment. Any principal amount of the Delayed Draw Term Loans which is repaid or prepaid may not be reborrowed.

(v) The aggregate principal amount of all Loans outstanding at any time to the Borrowers shall not exceed the Total Commitment.

Section 2.02 Making the Loans. (a) The Administrative Borrower shall give the Administrative Agent prior telephonic notice (promptly confirmed in writing, in substantially the form of Exhibit B hereto (a "Notice of Borrowing")), not later than 12:00 noon (New York time) on the date which is three (3) Business Days prior to the date of the proposed Loan (in the case of a LIBOR Rate Loan), or not later than 12:00 noon (New York time) on the date which is one (1) Business Day prior to the date of the proposed Loan (in the case of a Reference Rate Loan); provided, however that the Administrative Borrower shall provide the Administrative Agent with no less than fifteen (15) days prior written notice of a request to borrow a Delayed Draw Term Loan. Such Notice of Borrowing shall be irrevocable and shall specify (i) the principal amount and type of the proposed Loan, (ii) the proposed borrowing date, which must be a Business Day, and, with respect to the Initial Term Loan, must be the Effective Date, (iii) whether the proposed Loan is to be a Reference Rate Loan or a LIBOR Rate Loan, and (iv) in the case of a LIBOR Rate Loan, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period". The Administrative Agent and the Lenders may act without liability upon the basis of written, facsimile or telephonic notice believed by the Administrative Agent in good faith to be from the Administrative Borrower (or from any Authorized Officer thereof designated in writing purportedly from the Administrative Borrower to the Administrative Agent). Each Borrower hereby waives the right to dispute the Administrative Agent's record of the terms of any such telephonic Notice of Borrowing, absent manifest error. The Administrative Agent and each Lender shall be entitled to rely conclusively on any Authorized Officer's authority to request a Loan on behalf of the Borrowers until the Administrative Agent receives written notice to the contrary. The Administrative Agent and the Lenders shall have no duty to verify the authenticity of the signature appearing on any written Notice of Borrowing.

(b) Each Notice of Borrowing pursuant to this Section 2.02 shall be irrevocable and the Borrowers shall be bound to make a borrowing in accordance therewith. Each Revolving Loan shall be made in a minimum amount of $500,000 and shall be in an integral multiple of $500,000. The Delayed Draw Term Loan shall be made in an amount equal to $15,000,000. The Borrowers shall have not more than seven (7) LIBOR Rate Loans in effect at any given time.

(c)

(i) Except as otherwise provided in this subsection 2.02(c), all Loans under this Agreement shall be made by the Lenders simultaneously and proportionately to their Pro Rata Shares of the Total Initial Term Loan Commitment, the Total Delayed Draw Term Loan Commitment and the Total Revolving Credit Commitment, as the case may be, it being understood that no Lender shall be responsible for any default by any other Lender in that other Lender's obligations to make a Loan requested hereunder, nor shall the Commitment of any Lender be increased or decreased as a result of the default by any other Lender in that other Lender's obligation to make a Loan requested hereunder, and each Lender shall be obligated to make the Loans required to be made by it by the terms of this Agreement regardless of the failure by any other Lender.

(ii) Notwithstanding any other provision of this Agreement, and in order to reduce the number of fund transfers among the Borrowers, the Agents and the Lenders, the Borrowers, the Agents and the Lenders agree that the Administrative Agent may (but shall not be obligated to), and the Borrowers and the Lenders hereby irrevocably authorize the Administrative Agent to, fund, on behalf of the Revolving Loan Lenders, Revolving Loans pursuant to Section 2.01, subject to the procedures for settlement set forth insubsection 2.02(d); provided, however, that (A) the Administrative Agent shall in no event fund any such Revolving Loans if the Administrative Agent shall have received written notice from the Collateral Agent or the Required Lenders on the Business Day prior to the date of the proposed Revolving Loan that one or more of the conditions precedent contained in Section 5.02 will not be satisfied at the time of the proposed Revolving Loan, and (B) the Administrative Agent shall not otherwise be required to determine that, or take notice whether, the conditions precedent in Section 5.02 have been satisfied. If the Administrative Borrower gives a Notice of Borrowing requesting a Revolving Loan and the Administrative Agent elects not to fund such Revolving Loan on behalf of the Revolving Loan Lenders, then promptly after receipt of the Notice of Borrowing requesting such Revolving Loan, the Administrative Agent shall notify each Revolving Loan Lender of the specifics of the requested Revolving Loan and that it will not fund the requested Revolving Loan on behalf of the Revolving Loan Lenders. If the Administrative Agent notifies the Revolving Loan Lenders that it will not fund a requested Revolving Loan on behalf of the Revolving Loan Lenders, each Revolving Loan Lender shall make its Pro Rata Share of the Revolving Loan available to the Administrative Agent, in immediately available funds, in the Administrative Agent's Account no later than 3:00 p.m. (New York time) (provided that the Administrative Agent requests payment from such Revolving Loan Lender not later than 1:00 p.m. (New York time)) on the date of the proposed Revolving Loan. The Administrative Agent will make the proceeds of such Revolving Loans available to the Borrowers on the day of the proposed Revolving Loan by causing an amount, in immediately available funds, equal to the proceeds of all such Revolving Loans received by the Administrative Agent in the Administrative Agent's Account or the amount funded by the Administrative Agent on behalf of the Revolving Loan Lenders to be deposited in an account designated by the Administrative Borrower.

(iii) If the Administrative Agent has notified the Revolving Loan Lenders that the Administrative Agent, on behalf of the Revolving Loan Lenders, will not fund a particular Revolving Loan pursuant to subsection 2.02(c)(ii), the Administrative Agent may assume that each such Revolving Loan Lender has made such amount available to the Administrative Agent on such day and the Administrative Agent, in its sole discretion, may, but

shall not be obligated to, cause a corresponding amount to be made available to the Borrowers on such day. If the Administrative Agent makes such corresponding amount available to the Borrowers and such corresponding amount is not in fact made available to the Administrative Agent by any such Revolving Loan Lender, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Revolving Loan Lender together with interest thereon, for each day from the date such payment was due until the date such amount is paid to the Administrative Agent, at the Federal Funds Effective Rate for three (3) Business Days and thereafter at the Reference Rate. During the period in which such Revolving Loan Lender has not paid such corresponding amount to the Administrative Agent, notwithstanding anything to the contrary contained in this Agreement or any other Loan Document, the amount so advanced by the Administrative Agent to the Borrowers shall, for all purposes hereof, be a Revolving Loan made by the Administrative Agent for its own account. Upon any such failure by a Revolving Loan Lender to pay the Administrative Agent, the Administrative Agent shall promptly thereafter notify the Administrative Borrower of such failure and the Borrowers shall promptly pay such corresponding amount to the Administrative Agent for its own account.

(iv) Nothing in this subsection 2.02(c) shall be deemed to relieve any Revolving Loan Lender from its obligations to fulfill its Revolving Credit Commitment hereunder or to prejudice any rights that the Administrative Agent or the Borrowers may have against any Revolving Loan Lender as a result of any default by such Revolving Loan Lender hereunder.

(d) (i) With respect to all periods for which the Administrative Agent has funded Revolving Loans pursuant tosubsection 2.02(c), on Thursday of each week, or if the applicable Thursday is not a Business Day, then on the following Business Day, or such shorter period as the Administrative Agent may from time to time select (any such week or shorter period being herein called a "Settlement Period"), the Administrative Agent shall notify each Revolving Loan Lender of the unpaid principal amount of the Revolving Loans outstanding as of the last day of each such Settlement Period. In the event that such amount is greater than the unpaid principal amount of the Revolving Loans outstanding on the last day of the Settlement Period immediately preceding such Settlement Period (or, if there has been no preceding Settlement Period, the amount of the Revolving Loans made on the date of such Revolving Loan Lender's initial funding), each Revolving Loan Lender shall promptly (and in any event not later than 2:00 p.m. (New York time) if the Administrative Agent requests payment from such Lender not later than 12:00 noon (New York time) on such day) make available to the Administrative Agent its Pro Rata Share of the difference in immediately available funds. In the event that such amount is less than such unpaid principal amount, the Administrative Agent shall promptly pay over to each Revolving Loan Lender its Pro Rata Share of the difference in immediately available funds. In addition, if the Administrative Agent shall so request at any time when a Default or an Event of Default shall have occurred and be continuing, or any other event shall have occurred as a result of which the Administrative Agent shall determine that it is desirable to present claims against the Borrowers for repayment, each Revolving Loan Lender shall promptly remit to the Administrative Agent or, as the case may be, the Administrative Agent shall promptly remit to each Revolving Loan Lender, sufficient funds to adjust the interests of the Revolving Loan Lenders in the then outstanding Revolving Loans to such an extent that, after giving effect to such adjustment, each such Revolving Loan Lender's interest in the then outstanding Revolving Loans will be equal to its Pro Rata Share thereof. The obligations of the

Administrative Agent and each Revolving Loan Lender under this subsection 2.02(d) shall be absolute and unconditional. Each Revolving Loan Lender shall only be entitled to receive interest on its Pro Rata Share of the Revolving Loans which have been funded by such Revolving Loan Lender.

(ii) In the event that any Revolving Loan Lender fails to make any payment required to be made by it pursuant to subsection 2.02(d)(i), the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Revolving Loan Lender together with interest thereon, for each day from the date such payment was due until the date such amount is paid to the Administrative Agent, at the Federal Funds Effective Rate for three (3) Business Days and thereafter at the Reference Rate. During the period in which such Revolving Loan Lender has not paid such corresponding amount to the Administrative Agent, notwithstanding anything to the contrary contained in this Agreement or any other Loan Document, the amount so advanced by the Administrative Agent to the Borrowers shall, for all purposes hereof, be a Revolving Loan made by the Administrative Agent for its own account. Upon any such failure by a Revolving Loan Lender to pay the Administrative Agent, the Administrative Agent shall promptly thereafter notify the Administrative Borrower of such failure and the Borrowers shall promptly pay such corresponding amount to the Administrative Agent for its own account. Nothing in this subsection 2.02(d)(ii) shall be deemed to relieve any Revolving Loan Lender from its obligation to fulfill its Revolving Credit Commitment hereunder or to prejudice any rights that the Administrative Agent or the Borrowers may have against any Revolving Loan Lender as a result of any default by such Revolving Loan Lender hereunder.

Section 2.03 Repayment of Loans; Evidence of Debt (a) The outstanding principal amount of all Revolving Loans shall be due and payable on the Final Maturity Date or, if earlier, on the date on which they are declared due and payable pursuant to the terms of this Agreement.

(b) The outstanding principal of the Initial Term Loan shall be repayable, ratably, in consecutive quarterly installments, each such installment to be due and payable on the last day of each fiscal quarter, commencing with the fiscal quarter ending June 30, 2020, in an amount equal to $925,000; provided, however, that the last such installment shall be in the amount necessary to repay in full the unpaid principal amount of the Term Loan on the Final Maturity Date. The outstanding principal amount of the Delayed Draw Term Loan shall be repayable in quarterly installments on the last day of each fiscal quarter, commencing with the first fiscal quarter after the fiscal quarter in which the Delayed Draw Term Loan is drawn, in an amount equal to $75,000; provided, however, that the last such installment shall be in the amount necessary to repay in full the unpaid principal amount of the Delayed Draw Term Loan. The outstanding unpaid principal of the Term Loan and all accrued and unpaid interest thereon, shall be due and payable in full on the Final Maturity Date.

(c) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrowers to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(d) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(e) The entries made in the accounts maintained pursuant to paragraph (c) or (d) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrowers to repay the Loans in accordance with the terms of this Agreement.

(f) Any Lender may request that Loans made by it be evidenced by a note. In such event, the Borrowers shall execute and deliver to such Lender a note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns). Thereafter, the Loans evidenced by such note and interest thereon shall at all times (including after assignment pursuant to Section 12.07) be represented by one or more notes payable to the payee named therein and its registered assigns.

Section 2.04 Interest.

(a) Revolving Loans. Subject to the terms of this Agreement, at the option of the Administrative Borrower, each Revolving Loan shall be either a Reference Rate Loan or a LIBOR Rate Loan. Each Revolving Loan that is a Reference Rate Loan shall bear interest on the principal amount thereof from time to time outstanding, from the date of the making of such Loan until repaid, at a rate per annum equal to the Reference Rate plus the Applicable Margin. Each Revolving Loan that is a LIBOR Rate Loan shall bear interest on the principal amount thereof from time to time outstanding, from the date of the making of such Loan until repaid, at a rate per annum equal to the LIBOR Rate for the Interest Period in effect for such Loan plus the Applicable Margin.

(b) Term Loans. Subject to the terms of this Agreement, at the option of the Administrative Borrower, the Term Loans or any portion thereof shall be either a Reference Rate Loan or a LIBOR Rate Loan. Each portion of any Term Loans that is a Reference Rate Loan shall bear interest on the principal amount thereof from time to time outstanding, from the date of the making of such Term Loans until repaid, at a rate per annum equal to the Reference Rate plus the Applicable Margin. Each portion of any Term Loans that is a LIBOR Rate Loan shall bear interest on the principal amount thereof from time to time outstanding, from the date of the making of such Term Loans until repaid, at a rate per annum equal to the LIBOR Rate for the Interest Period in effect for such Term Loans (or such portion thereof) plus the Applicable Margin.

(c) Default Interest. To the extent permitted by law and notwithstanding anything to the contrary in this Section, upon the occurrence and during the continuance of an Event of Default, the principal of, and all accrued and unpaid interest on, all Loans, fees, indemnities or any other Obligations of the Loan Parties under this Agreement and the other Loan Documents, shall, upon the election of the Required Lenders, bear interest, from the date such Event of Default occurred until the date such Event of Default is cured or waived in writing in accordance herewith, at a rate per annum equal at all times to the Post-Default Rate.

(d) Interest Payment. Interest on each Loan shall be payable monthly, in arrears, on the last day of each calendar month, commencing on the last day of the calendar month following the calendar month in which such Loan is made and at maturity (whether upon demand, by acceleration or otherwise). Interest at the Post-Default Rate shall be payable on demand. Each Borrower hereby authorizes the Administrative Agent to, and the Administrative Agent may, from time to time, charge the Loan Account pursuant to Section 4.02 with the amount of any interest payment due hereunder.

(e) General. All interest shall be computed on the basis of a year of 360 (or 365, in the case of Loans and other obligations accruing interest based on the Reference Rate) days for the actual number of days, including the first day but excluding the last day, elapsed.

Section 2.05 Reduction of Commitment; Prepayment of Loans.

(a) Reduction of Commitments.

(i) Revolving Credit Commitments. The Total Revolving Credit Commitment shall terminate on the Final Maturity Date. The Borrowers may reduce the Total Revolving Credit Commitment in full or in part to an amount (which may be zero) not less than the sum of (A) the aggregate unpaid principal amount of all Revolving Loans then outstanding and (B) the aggregate principal amount of all Revolving Loans not yet made as to which a Notice of Borrowing has been given by the Administrative Borrower under Section 2.02, provided that in no event shall the Borrowers be permitted to reduce the Revolving Credit Commitment to an amount less than $5,000,000 (other than the permanent reduction of the Revolving Credit Commitment to zero). Each such reduction (1) shall be in an amount which is an integral multiple of $1,000,000, (2) shall be made by providing not less than one (1) Business Day's prior written notice to the Administrative Agent, (3) shall be irrevocable (except that such notice may be conditional) and (4) shall be accompanied by the payment of the Applicable Prepayment Premium, if any, payable in connection with such reduction of the Total Revolving Credit Commitment (which shall be paid to Administrative Agent for the benefit of the Revolving Loan Lenders and shall be allocated among the Revolving Loan Lenders as they may separately agree among themselves). Once reduced, the Total Revolving Credit Commitment may not be increased. Each such reduction of the Total Revolving Credit Commitment shall reduce the Revolving Credit Commitment of each Lender proportionately in accordance with its Pro Rata Share thereof.

(ii) Initial Term Loan. The Total Initial Term Loan Commitment shall terminate on the Effective Date after the funding of the Initial Term Loan by the Term Loan Lenders.

(iii) Delayed Draw Term Loan.

(A) Unless terminated sooner pursuant to Section 2.05(a)(iii)(C), the Total Delayed Draw Term Loan Commitment shall terminate at 5:00 p.m. (New York City time) on the DDTL Commitment Expiration Date.

(B) Upon at least one (1) Business Day's prior written notice (or such shorter period as shall be acceptable to the Administrative Agent) by the Administrative Borrower to the Administrative Agent, the Administrative Borrower shall have the right at any time and from time to time to terminate the Delayed Draw Term Loan Commitments and to permanently reduce to zero the remaining unfunded portion of the Delayed Draw Term Loan Commitments thereunder.

(b) Optional Prepayment.

(i) Revolving Loans. The Borrowers may, at any time and from time to time, prepay the principal of any Revolving Loan, in whole or in part.

(ii) Term Loans. The Borrowers may, at any time and from time to time, upon (x) in the case of LIBOR Rate Loans, at least three (3) Business Days' prior written notice to the Administrative Agent and (y) in the case of Reference Rate Loans, one (1) Business Day's prior written notice to the Administrative Agent, in each case to prepay the principal of the Term Loans, in whole or in part. Each prepayment made pursuant to this clause (b)(ii) shall be irrevocable (except that such notice may be conditional) and shall be accompanied by the payment of (A) accrued interest to the date of such payment on the amount prepaid, (B) the Applicable Prepayment Premium, if any, payable in connection with such prepayment of the Term Loan, (C) any amounts payable under Section 2.09 in connection with such prepayment of the Term Loans, and (D) if such prepayment would reduce the outstanding principal amount of the Term Loans to zero, all fees and other amounts which have accrued or otherwise become payable as of such date. Each such prepayment shall be applied pro rata against the remaining installments of principal due on the Term Loan.

(iii) [Intentionally Omitted].

(iv) Prepayment In Full. The Borrowers may, upon at least five (5) Business Days prior written notice to the Administrative Agent, terminate this Agreement by paying to the Administrative Agent, in cash, the Obligations (excluding any unasserted contingent indemnification Obligations), in full, plus the Applicable Prepayment Premium, if any, payable in connection with such termination of this Agreement. If the Administrative Borrower has sent a notice of termination pursuant to this clause (iv), then the Lenders' obligations to extend credit hereunder shall terminate and the Borrowers shall be obligated to repay the Obligations (excluding any unasserted contingent indemnification Obligations) in full, plus the Applicable Prepayment Premium, if any, payable in connection with such termination of this Agreement on the date set forth as the date of termination of this Agreement in such notice (except that such termination may be conditioned on the closing of a replacement financing facility).

(c) Mandatory Prepayment.

(i) The Borrowers will promptly (and in any event within two (2) Business Days) prepay the Revolving Loans at any time when the aggregate principal amount of all Revolving Loans exceeds the Total Revolving Credit Commitment, to the full extent of any such excess.

(ii) [Intentionally Omitted].

(iii) [Intentionally Omitted].

(iv) Within five (5) Business Days of delivery to the Agents and the Lenders of annual financial statements pursuant to Section 7.01(a)(ii), commencing with the delivery to the Agents and the Lenders of the financial statements for the Fiscal Year ended on December 31, 2020 (or, if such financial statements are not delivered to the Agents on the date such statements are required to be delivered pursuant to Section 7.01(a)(ii), five (5) Business Days after the date such statements are required to be delivered to the Agents pursuant toSection 7.01(a)(ii)), the Borrowers shall prepay the outstanding principal amount of the Loans in accordance with clause (d) below in an amount equal to the result (if positive) of (1) 50% of the Excess Cash Flow of the Parent and its Subsidiaries for such Fiscal Year (provided, that Excess Cash Flow for the Fiscal Year ended on December 31, 2020 shall be calculated for the period commencing on the Effective Date and ending on December 31, 2020), *minus* (2) the amount of any voluntary prepayments of the Term Loans made during such Fiscal Year, *minus* (3) the amount of any voluntary prepayments of the Revolving Loans accompanied by a permanent reduction or termination of the Total Revolving Credit Commitment during such Fiscal Year.

(v) Subject to clause (viii) below, within five (5) Business Days following any Permitted Disposition (other than a Disposition pursuant to clauses (b), (c), (d), (f), (g), (h), (i), (j) and (k) of the definition of "Permitted Disposition") by any Loan Party or its Subsidiaries pursuant to Section 7.02(c)(ii), the Borrowers shall prepay the outstanding principal amount of the Loans in accordance with clause (d) below in an amount equal to 100% of the Net Cash Proceeds received by such Person in connection with such Permitted Disposition to the extent that the aggregate amount of Net Cash Proceeds received by all Loan Parties and their Subsidiaries (and not paid to the Administrative Agent as a prepayment of the Loans) shall exceed for all such Permitted Dispositions $500,000 in any Fiscal Year. Nothing contained in this subsection (v) shall permit any Loan Party or any of its Subsidiaries to make a Disposition of any property other than in accordance with Section 7.02(c)(ii).

(vi) Upon the issuance or incurrence by any Loan Party or any of its Subsidiaries of any Indebtedness (other than Permitted Indebtedness), the Borrowers shall prepay the outstanding amount of the Loans in accordance with clause (d) below in an amount equal to 100% of the Net Cash Proceeds received by such Person in connection therewith. The provisions of this subsection (vi) shall not be deemed to be implied consent to any such issuance, incurrence or sale otherwise prohibited by the terms and conditions of this Agreement.

(vii) Subject to clause (viii) below, within two (2) Business Days of the receipt by any Loan Party or any of its Subsidiaries of any Extraordinary Receipts, the Borrowers shall prepay the outstanding principal of the Loans in accordance with clause (d) below an amount equal to 100% of such Extraordinary Receipts net of any reasonable expenses incurred in collecting such Extraordinary Receipts to the extent that the aggregate amount thereof received by all Loan Parties and their Subsidiaries (and not paid to the Administrative Agent as a prepayment of the Loans) shall exceed $750,000 in any Fiscal Year; provided, that the Loan Parties shall not be required to prepay the outstanding principal of the Loans in connection with the receipt of any Extraordinary Receipts with respect to the Club Ready Settlement in an aggregate amount not to exceed $2,000,000.

(viii) Notwithstanding the foregoing, with respect to Net Cash Proceeds received by any Loan Party or any of its Subsidiaries in connection with a Permitted Disposition or the receipt of Extraordinary Receipts consisting of insurance proceeds or condemnation awards that are required to be used to prepay the Obligations pursuant to Section 2.05(c)(v) or Section 2.05(c)(vii), as the case may be, up to $1,000,000 in the aggregate in any Fiscal Year of the Net Cash Proceeds from all such Permitted Dispositions and Extraordinary Receipts shall not be required to be so used to prepay the Obligations to the extent that such Net Cash Proceeds and Extraordinary Receipts are used to acquire, replace, repair or restore properties or assets used in the Parent's and its Subsidiaries' business, provided that, (A) no Event of Default has occurred and is continuing on the date such Person receives such Net Cash Proceeds or Extraordinary Receipts, (B) the Administrative Borrower delivers a certificate to the Administrative Agent within 30 days after the receipt of such Net Cash Proceeds or Extraordinary Receipts resulting from such Disposition or loss, destruction or taking, as the case may be, stating that such Net Cash Proceeds or Extraordinary Receipts shall be used to acquire, replace, repair or restore properties or assets used in such Person's business within a period specified in such certificate not to exceed two hundred and seventy (270) days after the date of receipt of such Net Cash Proceeds or Extraordinary Receipts (which certificate shall set forth estimates of the Net Cash Proceeds or Extraordinary Receipts to be so expended), (C) such Net Cash Proceeds or Extraordinary Receipts are (1) deposited in an account of a Loan Party listed on Schedule 6.01(v) or (2) used to prepay the Revolving Loans so long as a reserve is established in the amount of such prepayment which reserve shall be released only upon the reinvestment of such proceeds in accordance with the terms of this clause (viii), and (D) upon the earlier of (1) the expiration of the period specified in the relevant certificate furnished to the Administrative Agent pursuant to clause (B) above or (2) the occurrence of an Event of Default, such Net Cash Proceeds or Extraordinary Receipts, if not theretofore so used, shall be used to prepay the Obligations in accordance with Section 2.05(c)(v) or Section 2.05(c)(vii) as applicable.

(ix) Within three (3) Business Days after receipt by the Borrowers of the proceeds of any Permitted Cure Equity pursuant to Section 9.02 in respect of any noncompliance with the financial covenant set forth inSection 7.03, the Borrowers shall prepay the outstanding principal amount of the Loans in accordance with Section 2.05(d) in an amount equal to 100% of such proceeds.

(d) Application of Payments. Each prepayment pursuant to subsections (c)(iv), (c)(v), (c)(vi), (c)(vii) and (c)(ix) above shall be applied first, to the Term Loan, until paid in full, and second, to the Revolving Loans (without any corresponding reduction to the Total Revolving Credit Commitment). Prepayments of the Term Loan shall be applied against the remaining installments of principal of the Term Loan (including the final payment of the Term Loan on the Final Maturity Date) in the inverse order of maturity.

(e) Interest and Fees. Any prepayment made pursuant to thisSection 2.05 shall be accompanied by (i) accrued interest on the principal amount being prepaid to the date of prepayment, (ii) any Funding Losses (if any) payable pursuant to Section 2.09(e),

(iii) other than in the case of prepayments made pursuant to Sections 2.05(c)(i), (iv), (v), (vii) and (ix), the Applicable Prepayment Premium, if any, payable in connection with such prepayment of the Loans and (iv) if such prepayment would reduce the amount of the outstanding Loans to zero at a time when the Total Revolving Credit Commitment has been terminated, such prepayment shall be accompanied by the payment of all fees accrued to such date pursuant to Section 2.06.

(f) Cumulative Prepayments. Payments with respect to any subsection of this Section 2.05 are without duplication of payments made or required to be made under any other subsection of this Section 2.05.

Section 2.06 Fees.

(a) Unused Line Fee. From and after the Effective Date and until the Final Maturity Date, the Borrowers shall pay to the Administrative Agent for the account of the Revolving Loan Lenders, in accordance with their Pro Rata Share, an unused line fee (the "Unused Line Fee"), which shall accrue at the rate per annum of 0.50% on the excess, if any, of the Total Revolving Credit Commitment over the sum of the average principal amount of all Revolving Loans outstanding during the prior one month period and shall be payable monthly in arrears on the last day of each month commencing March 31, 2020.

(b) Applicable Prepayment Premium. Notwithstanding anything herein to the contrary, except as provided in Section 2.05(e), in the event of the termination of this Agreement and repayment of the Obligations at any time prior to the Final Maturity Date, for any reason, including (i) termination upon the election of the Required Lenders to terminate after the occurrence and during the continuation of an Event of Default (or, in the case of the occurrence of any Event of Default described in Section 9.01(f) or Section 9.01(g) with respect to any Loan Party, automatically upon the occurrence thereof), (ii) foreclosure and sale of Collateral, (iii) sale of the Collateral in any Insolvency Proceeding, or (iv) restructuring, reorganization, or compromise of the Obligations by the confirmation of a plan of reorganization or any other plan of compromise, restructuring, or arrangement in any Insolvency Proceeding, then, in view of the impracticability and extreme difficulty of ascertaining the actual amount of damages to the Agents and the Lenders or profits lost by the Agents and the Lenders as a result of such early termination, and by mutual agreement of the parties as to a reasonable estimation and calculation of the lost profits or damages of the Agents and the Lenders, the Borrowers shall pay to the Administrative Agent, for the account of the Lenders in accordance with written agreements amongst the Collateral Agent, the Administrative Agent and the Lenders, the Applicable Prepayment Premium, if any, measured as of the date of such termination. The Loan Parties expressly agree that: (A) the Applicable Prepayment Premium is reasonable and is the product of an arm's length transaction between sophisticated business people, ably represented by counsel; (B) the Applicable Prepayment Premium shall be payable notwithstanding the then prevailing market rates at the time payment is made; (C) there has been a course of conduct between the Lenders and the Loan Parties giving specific consideration in this transaction for such agreement to pay the Applicable Prepayment Premium; (D) the Loan Parties' agreement to pay the Applicable Prepayment Premium is a material inducement to Lenders to provide the Commitments and make the Loans; and (E) the Applicable Prepayment Premium represents a good faith, reasonable estimate and calculation of the lost profits or damages of the Agents and

the Lenders and that it would be impractical and extremely difficult to ascertain the actual amount of damages to the Agents and the Lenders or profits lost by the Agents and the Lenders as a result of such acceleration. No Applicable Prepayment Premium shall be due and owing (1) in connection with any prepayment of the Term Loan resulting from an initial public offering of the Parent that is consummated on or before the first anniversary of the Effective Date, solely with respect to (x) the first $35,000,000 of the Term Loan prepaid in connection therewith or (y) if the General Atlantic Investment has occurred, the first $50,000,000 of the Term Loan prepaid in connection therewith, (2) in connection with the refinancing in full of Obligations in which Cerberus participates in such refinancing as a lender.

(c) Delayed Draw Term Loan Unused Line Fee. The Borrower agrees to pay to the Administrative Agent, for the account of the Delayed Draw Term Lenders, a ticking fee (the "DDTL Unused Commitment Fee"), which shall accrue on the unfunded portion of the Delayed Draw Term Loan Commitments, beginning on the Effective Date and ending on the DDTL Commitment Expiration Date, and shall be payable monthly in arrears on the last day of each month (commencing on March 31, 2020), in an amount equal to 0.50% per annum of the actual daily undrawn portion of the Delayed Draw Term Loan Commitments during such period.

(d) Fee Letter. As and when due and payable under the terms of the Fee Letter, the Borrowers shall pay the fees set forth in the Fee Letter.

Section 2.07 [Intentionally Omitted].

Section 2.08 Taxes (a) Except as otherwise required by applicable law, any and all payments by any Loan Party hereunder or under any other Loan Document shall be made free and clear of and without deduction for any and all Taxes. If any Loan Party shall be required to deduct any Taxes from or in respect of any sum payable hereunder to any Agent or any Lender (or any Transferee), (i) if such Tax is an Indemnified Tax, the sum payable shall be increased by the amount (an "Additional Amount") necessary so that after making all such deductions (including deductions applicable to additional sums payable under this Section 2.08) such Agent or such Lender (or such Transferee) shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make such deductions and (iii) such Loan Party shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law. For purposes of this Section 2.08, the term "applicable law" includes FACTA.

(b) In addition, each Loan Party agrees to pay to the relevant Governmental Authority in accordance with applicable law any present or future stamp or documentary taxes or any recording, intangible or similar taxes, charges or levies that arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment ("Other Taxes"). Each Loan Party shall deliver to the Administrative Agent official receipts or certified copies thereof (or other reasonable evidence of payment) in respect of any Taxes or Other Taxes payable hereunder promptly after payment of such Taxes or Other Taxes.

(c) The Loan Parties hereby jointly and severally indemnify and agree to hold each Agent and each Lender harmless from and against any Indemnified Taxes (including, without limitation, Indemnified Taxes imposed on any amounts payable under this Section 2.08) paid by such Person, whether or not such Indemnified Taxes were correctly or legally asserted by the relevant Governmental Authority. Such indemnification shall be paid within ten (10) days from the date on which any such Person makes written demand therefor specifying in reasonable detail the nature and amount of such Indemnified Taxes.

(d)

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and delivery of such documentation (other than such documentation set forth in (d)(ii) and (d)(iii) below) shall not be required if in any Lender's reasonable judgment, such completion, execution or delivery would subject such Lender to any material unreimbursed cost or would materially prejudice the legal or commercial position of such Lender.

(ii) Each Lender (or Transferee) that is organized under the laws of a jurisdiction outside the United States (a "Non-U.S. Lender") agrees that it shall, no later than the Effective Date (or, in the case of a Lender (or Transferee) which becomes a party hereto pursuant to Section 12.07 hereof after the Effective Date, promptly after the date upon which such Lender (or Transferee) becomes a party hereto) deliver to the Agents (and the Administrative Agent shall deliver a copy to the Administrative Borrower) (or, in the case of a participant, to the Lender granting the participation only) one properly completed and duly executed copy of either U.S. Internal Revenue Service Form W-8BEN, W-8BEN-E, W-8ECI or W-8IMY or any subsequent versions thereof or successors thereto, in each case claiming complete exemption from, or reduced rate of, U.S. Federal withholding tax and payments of interest hereunder. In addition, in the case of a Non-U.S. Lender claiming exemption from U.S. Federal withholding tax under Section 871(h) or 881(c) of the Internal Revenue Code, such Non-U.S. Lender hereby represents to the Agents and the Borrowers that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Internal Revenue Code, is not a10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code) of the Parent and is not a controlled foreign corporation related to the Parent (within the meaning of Section 881(c)(3)(C) of the Internal Revenue Code), and such Non-U.S. Lender agrees that it shall promptly notify the Agents in the event any such representation is no longer accurate. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of a Transferee that is a participation holder, on or before the date such participation holder becomes a Transferee hereunder) and on or before the date, if any, such

Non-U.S. Lender changes its applicable lending office by designating a different lending office (a "New Lending Office"). In addition, such Non-U.S. Lender shall deliver such forms within twenty (20) days after receipt of a written request therefor from any Agent (who may be acting pursuant to a request by the Administrative Borrower), the assigning Lender or the Lender granting a participation, as applicable. Each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence, expiration or invalidity of any form previously delivered by such Non- U.S. Lender. Notwithstanding any other provision of this Section 2.08, a Non-U.S. Lender shall not be required to deliver any form pursuant to this Section 2.08(d) that such Non-U.S. Lender is not legally able to deliver. If a payment made to a Lender under any Loan Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender fails to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent (A) a certification signed by the chief financial officer, principal accounting officer, treasurer or controller and (B) other documentation reasonably requested by the Borrower and the Administrative Agent sufficient for the Administrative Agent and the Borrower to comply with their obligations under FATCA and to determine that such Lender has complied with such applicable reporting requirements. Solely for purposes of this clause (d), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Any Lender (or Transferee) that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or Agents), executed copies of IRS form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax.

(e) The Loan Parties shall not be required to indemnify any Non-U.S. Lender, or pay any Additional Amounts to any Non-U.S. Lender, in respect of any withholding tax pursuant to this Section 2.08 to the extent that (i) the obligation to withhold such amounts existed on the date such Non-U.S. Lender became a party to this Agreement (or, in the case of a Transferee that is a participation holder, on the date such participation holder became a Transferee hereunder) or, with respect to payments to a New Lending Office, the date such Non- U.S. Lender designated such New Lending Office with respect to a Loan; provided, however, that this clause (i) shall not apply to the extent the indemnity payment or Additional Amounts any Transferee, or Lender (or Transferee) through a New Lending Office, would be entitled to receive (without regard to this clause (i)) do not exceed the indemnity payment or Additional Amounts that the Person making the assignment, participation or transfer to such Transferee, or Lender (or Transferee) making the designation of such New Lending Office, would have been entitled to receive in the absence of such assignment, participation, transfer or designation, or (ii) the obligation to pay such Additional Amounts would not have arisen but for a failure by such Non-U.S. Lender to comply with the provisions of clause (d) above.

(f) The Administrative Agent shall deliver to the Borrower two executed copies of whichever of the following is applicable:

(i) if the Administrative Agent is a U.S. Person, IRS Form W- 9 certifying to such Administrative Agent's exemption from U.S. federal backup withholding; or

(ii) if the Administrative Agent is not a U.S. Person,

(A) IRS Form W-8ECI with respect to payments received for its own account; and

(B) IRS Form W-8IMY with respect to any amounts payable to the Administrative Agent for the account of others, certifying that it is a U.S. branch of a foreign bank or insurance company described in Regulations section 1.1441-1(b)(2)(iv)(A) that is a participating FFI (including a reporting Model 2 FFI), registered deemed-compliant FFI (including a reporting Model 1 FFI), or NFFE that is using this form as evidence of its agreement with the withholding agent to be treated as a U.S. Person with respect to any payments associated with this withholding certificate.

The Administrative Agent agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower in writing of its legal inability to do so.

(g) If any Lender or any Agent determines, in its sole judgment exercised in good faith, that it has received a refund of any Indemnified Taxes as to which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this Section 2.08, it shall pay to the Administrative Borrower an amount equal to such refund (but only the extent of indemnity payments made, or additional amounts paid, by the Loan Parties under this Section with respect to the Indemnified Taxes giving rise to such refund), net of all out-of-pocket expenses of such Agent or such Lender, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that the Administrative Borrower, upon the reasonable request of such Agent or such Lender, agrees to repay the amount paid over to the Administrative Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to such Agent or such Lender in the event such Agent or such Lender is required to repay such refund to such Governmental Authority. This subsection shall not be construed to require any Agent or any Lender to make available its tax returns and any other information relating to its taxes that it deems confidential to any Borrower or any other Person.

(h) Any Agent or any Lender (or Transferee) claiming any indemnity payment or additional payment amounts payable pursuant to this Section 2.08 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document reasonably requested in writing by the Administrative Borrower or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such indemnity payment or additional amount that may thereafter accrue, would not require such Agent or such Lender (or Transferee) to disclose any information such Agent or such Lender (or Transferee) deems confidential and would not, in the sole determination of such Agent or such Lender (or Transferee), be otherwise disadvantageous to such Agent or such Lender (or Transferee).

(i) The obligations of the Loan Parties under this Section 2.08 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

Section 2.09 LIBOR Option.

(a) In lieu of having interest charged at the rate based upon the Reference Rate, the Borrowers shall have the option (the "LIBOR Option") to have interest on all or a portion of the Loans be charged at a rate of interest based upon the LIBOR Rate. Each Interest Period of a LIBOR Rate Loan shall commence on the date such LIBOR Rate Loan is made and shall end on such date as the Borrowers may elect as set forth in Section 2.02(a) above; provided that the exact length of each Interest Period shall be determined in accordance with the practice of the interbank market for offshore Dollar deposits. If on the date that is three (3) Business Days prior to the last day of each Interest Period of a LIBOR Rate Loan, unless the Administrative Borrower otherwise instructs in accordance with the terms hereunder, the interest rate applicable to such LIBOR Rate Loan shall automatically continue at the LIBOR Rate for an additional period equal in length to such Interest Period. At the direction of the Required Lenders at any time that an Event of Default has occurred and is continuing, the Administrative Borrower no longer shall have the option to request that Loans bear interest at the LIBOR Rate and Administrative Agent shall have the right to convert the interest rate on all outstanding LIBOR Rate Loans to the rate then applicable to Reference Rate Loans hereunder.

(b) The Administrative Borrower shall elect the initial Interest Period applicable to a LIBOR Rate Loan by its Notice of Borrowing given to the Administrative Agent pursuant to Section 2.02(a) or by its notice of conversion given to the Administrative Agent pursuant toSection 2.09(c), as the case may be. The Administrative Borrower shall elect the duration of each succeeding Interest Period by giving irrevocable written notice to the Administrative Agent of such duration not later than 1:00 p.m. (New York time) on the day which is three (3) Business Days prior to the last day of the then current Interest Period applicable to such LIBOR Rate Loan. If the Administrative Agent does not receive timely notice of the Interest Period elected by the Administrative Borrower, the Administrative Borrower shall be deemed to have elected to convert such LIBOR Rate Loan to a Reference Rate Loan.

(c) The Administrative Borrower may, on any Business Day of the then current Interest Period applicable to any outstanding LIBOR Rate Loan, or on any Business Day with respect to Reference Rate Loans, convert any such loan into a loan of another type of loan (i.e., a Reference Rate Loan or a LIBOR Rate Loan) in the same aggregate principal amount, provided that any conversion of a LIBOR Rate Loan not made on the last Business Day of the then current Interest Period applicable to such LIBOR Rate Loan shall be subject to Section 2.09(e). If a Borrower desires to convert a Loan, such Borrower shall deliver to the Administrative Agent a LIBOR Notice by no later than 1:00 p.m. (New York time) (i) on the day which is three (3) Business Days' prior to the date on which such conversion is to occur with respect to a conversion from a Reference Rate Loan to a LIBOR Rate Loan, or (ii) on the day which is one (1) Business Day prior to the date on which such conversion is to occur with respect to a conversion from a LIBOR Rate Loan to a Reference Rate Loan, specifying, in each case, the date of such conversion, the Loans to be converted and if the conversion is from a Reference Rate Loan to a LIBOR Rate Loan, the duration of the first Interest Period therefor.

(d) In the event that any prepayment of a LIBOR Rate Loan is required or permitted on a date other than the last Business Day of the then current Interest Period with respect thereto, the Borrowers shall, jointly and severally, indemnify the Administrative Agent and Lenders therefor in accordance with Section 2.09(e).

(e) The Borrowers shall, jointly and severally, indemnify the Agents and Lenders and hold the Agents and Lenders harmless from and against any and all losses, costs or expenses, excluding the loss of any margin above the LIBOR Rates (such losses, costs and expenses, collectively, "Funding Losses"), that the Agents and Lenders may sustain or incur as a consequence of any mandatory or voluntary prepayment, conversion of or any default by the Borrowers in the payment of the principal of or interest on any LIBOR Rate Loan or failure by the Borrowers to complete a borrowing of, a prepayment of or conversion of or to a LIBOR Rate Loan after notice thereof has been given, including, but not limited to, any interest, excluding the loss of any margin above the LIBOR Rates, payable by the Agents or Lenders to lenders of funds obtained by it in order to make or maintain its LIBOR Rate Loans hereunder (it being agreed that the Agents and Lenders shall be entitled to such indemnification on such basis whether or not they have obtained such funds to make or maintain its LIBOR Rate Loans hereunder, to be calculated in accordance with customary banking practices). A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by any Agent or any Lender to the Borrowers shall be conclusive absent manifest error.

(f) Notwithstanding any other provision hereof, if any Requirement of Law or any change therein or in the interpretation or application thereof, shall make it unlawful for any Lender (for purposes of this subsection (f), the term "Lender" shall include any Lender and the office or branch where any Lender or any corporation or bank controlling such Lender makes or maintains any LIBOR Rate Loans) to make or maintain its LIBOR Rate Loans, the obligation of such Lender to make LIBOR Rate Loans hereunder shall forthwith be cancelled and the Borrowers shall, if any affected LIBOR Rate Loans are then outstanding, promptly and upon the reasonable request from the Administrative Agent, at the Borrowers' option, either pay all such affected LIBOR Rate Loans or convert such affected LIBOR Rate Loans into loans of another type. If any such payment or conversion of any LIBOR Rate Loan is made on a day that is not the last day of the Interest Period applicable to such LIBOR Rate Loan, the Borrowers shall pay the Administrative Agent, upon the Administrative Agent's reasonable request, such amount or amounts as may be necessary to compensate Lenders for any Funding Losses sustained or incurred by Lenders in respect of such LIBOR Rate Loan as a result of such payment or conversion, including (but not limited to) any interest or other amounts payable by Lenders to lenders of funds actually obtained by Lenders in order to make or maintain such LIBOR Rate Loan. A certificate as to any additional amounts that describes in reasonable detail the calculations thereof payable pursuant to the foregoing sentence submitted by Lenders to the Borrowers shall be conclusive absent manifest error.

(g) Subject to the last paragraph of the definition of "LIBOR Rate", in the event that any Agent shall have determined that:

(i) reasonable means do not exist for ascertaining the LIBOR Rate applicable pursuant to Section 2.02(a) for any Interest Period; or

(ii) Dollar deposits in the relevant amount and for the relevant maturity are not available in the London interbank LIBOR market, with respect to an outstanding LIBOR Rate Loan, a proposed LIBOR Rate Loan, or a proposed conversion of a Reference Rate Loan into a LIBOR Rate Loan,

then Administrative Agent shall give the Administrative Borrower prompt written, telephonic or facsimile notice of such determination. If such notice is given, (i) any such requested LIBOR Rate Loan shall be made as a Reference Rate Loan, unless the Administrative Borrower shall notify the Administrative Agent no later than 1:00 p.m. (New York time) two (2) Business Days prior to the date of such proposed borrowing, that its request for such borrowing shall be cancelled or made as an unaffected type of LIBOR Rate Loan, (ii) any Reference Rate Loan or LIBOR Rate Loan which was to have been converted to an affected type of LIBOR Rate Loan shall be continued as or converted into a Reference Rate Loan, or, if the Administrative Borrower shall notify the Administrative Agent, no later than 11:00 a.m. (New York time) two (2) Business Days prior to the proposed conversion, shall be maintained as an unaffected type of LIBOR Rate Loan, and (iii) any outstanding affected LIBOR Rate Loans shall be converted into a Reference Rate Loan, or, if the Administrative Borrower shall notify Administrative Agent, no later than 11:00 a.m. (New York time) two (2) Business Days prior to the last Business Day of the then current Interest Period applicable to such affected LIBOR Rate Loan, shall be converted into an unaffected type of LIBOR Rate Loan, on the last Business Day of the then current Interest Period for such affected LIBOR Rate Loans. Until such notice has been withdrawn, Lenders shall have no obligation to make an affected type of LIBOR Rate Loan or maintain outstanding affected LIBOR Rate Loans and the Borrowers shall not have the right to convert a Reference Rate Loan or an unaffected type of LIBOR Rate Loan into an affected type of LIBOR Rate Loan.

(h) Anything to the contrary contained herein notwithstanding, neither any Agent nor any Lender, nor any of their participants, is required actually to acquire LIBOR deposits to fund or otherwise match fund any Obligation as to which interest accrues at the LIBOR Rate. The provisions of this ARTICLE II shall apply as if each Lender or its participants had match funded any Obligation as to which interest is accruing at the LIBOR Rate by acquiring LIBOR deposits for each Interest Period in the amount of the LIBOR Rate Loans.

(i)

(i) If any Lender requests compensation or if any Borrower is required to pay any additional amount to any Lender or if any Borrower is required to pay any additional interest or other amount to any Lender hereunder (each, a "Required Amount"), then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable hereunder in the future, (ii) would not subject such Lender to any unreimbursed cost or expense, and (iii) would not otherwise be materially disadvantageous to such Lender.

(ii) If any Lender requires the Borrower to pay any Required Amounts and such Lender has declined or is unable to designate a different lending office in accordance with clause (a) above, or if any Lender is a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent,

require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 12.07), all of its interests, rights and obligations under this Agreement and the other Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(A) the Borrower shall have paid to the Agents any assignment fees specified in Section 12.07;

(B) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts); and

(C) such assignment does not conflict with applicable law.

Prior to the effective date of such assignment, the assigning Lender shall execute and deliver an Assignment and Acceptance, subject only to the conditions set forth above. If the assigning Lender shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such assignment, the assigning Lender shall be deemed to have executed and delivered such Assignment and Acceptance. Any such assignment shall be made in accordance with the terms of Section 12.07. A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

ARTICLE III

[Intentionally Omitted].

ARTICLE IV

PAYMENTS AND OTHER COMPENSATION

Section 4.01 [Intentionally Omitted].

Section 4.02 Payments; Computations and Statements. (a) The Borrowers will make each payment under this Agreement not later than 1:00 p.m. (New York time) on the day when due, in lawful money of the United States of America and in immediately available funds, to the Administrative Agent's Account. All payments received by the Administrative Agent after 1:00 p.m. (New York time) on any Business Day will be credited to the Loan Account on the next succeeding Business Day. All payments shall be made by the Borrowers without set-off, counterclaim, deduction or other defense to the Agents and the Lenders. Except as provided in Section 2.02, after receipt, the Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal ratably to the Lenders in accordance with their Pro Rata Shares and like funds relating to the payment of any other amount payable to

any Lender to such Lender, in each case to be applied in accordance with the terms of this Agreement, provided that the Administrative Agent will cause to be distributed all interest and fees received from or for the account of the Borrowers not less than once each month and in any event promptly after receipt thereof. The Lenders and the Borrowers hereby authorize the Administrative Agent to, and the Administrative Agent may, from time to time during the existence of an Event of Default, charge the Loan Account of the Borrowers with any amount due and payable by the Borrowers under any Loan Document. Any amount charged to the Loan Account of the Borrowers shall be deemed a Revolving Loan hereunder made by the Revolving Loan Lenders to the Borrowers, funded by the Administrative Agent on behalf of the Revolving Loan Lenders and subject to Section 2.02 of this Agreement. Whenever any payment to be made under any such Loan Document shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall in such case be included in the computation of interest or fees, as the case may be. All computations of fees shall be made by the Administrative Agent on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such fees are payable. Each determination by the Administrative Agent of an interest rate or fees hereunder shall be conclusive and binding for all purposes in the absence of manifest error.

(b) The Administrative Agent shall provide the Administrative Borrower, promptly after the end of each calendar month, a summary statement (in the form from time to time used by the Administrative Agent) of the opening and closing daily balances in the Loan Account of the Borrowers during such month, the amounts and dates of all Loans made to the Borrowers during such month, the amounts and dates of all payments on account of the Loans to the Borrowers during such month and the Loans to which such payments were applied, the amount of interest accrued on the Loans to the Borrowers during such month, the amounts and dates of all Loans made to the Borrowers during such month, and the amount and nature of any charges to the Loan Account made during such month on account of fees, commissions, expenses and other Obligations. All entries on any such statement shall be presumed to be correct and, thirty (30) days after the same is sent, shall be final and conclusive absent manifest error.

Section 4.03 Sharing of Payments, Defaulting Lenders, Etc.

(a) The Administrative Agent shall not be obligated to transfer to a Defaulting Lender any payments made by any Borrower to the Administrative Agent for the Defaulting Lender's benefit, and, in the absence of such transfer to the Defaulting Lender, the Administrative Agent shall transfer any such payments to each other non-Defaulting Lender ratably in accordance with their Commitments (but only to the extent that such Defaulting Lender's Loan was funded by the other Lenders) or, if so directed by the Borrowers and if no Default or Event of Default has occurred and is continuing (and to the extent such Defaulting Lender's Loan was not funded by the other Lenders), retain the same to be re-advanced to the Borrowers as if such Defaulting Lender had made such Loans to the Borrowers. Subject to the foregoing, the Administrative Agent may hold and, in its discretion, re-lend to the Borrowers for the account of such Defaulting Lender the amount of all such payments received and retained by the Administrative Agent for the account of such Defaulting Lender. This Section shall remain effective with respect to such Lender until (x) the Obligations (other than unasserted contingent

indemnification Obligations) under this Agreement shall have been declared or shall have become immediately due and payable, (y) the non-Defaulting Lenders, the Administrative Agent, and the Borrowers shall have waived such Defaulting Lender's default in writing, or (z) the Defaulting Lender makes its Pro Rata Share of the applicable defaulted Loan and pays to the Administrative Agent all amounts owing by such Defaulting Lender in respect thereof. The operation of this Section shall not be construed to increase or otherwise affect the Commitment of any Lender, to relieve or excuse the performance by such Defaulting Lender or any other Lender of its duties and obligations hereunder, or to relieve or excuse the performance by the Borrowers of its duties and obligations hereunder to the Administrative Agent or to the Lenders other than such Defaulting Lender. Any such failure to fund by any Defaulting Lender shall constitute a material breach by such Defaulting Lender of this Agreement and shall entitle the Borrowers at their option, subject to the written consent of the Collateral Agent (which consent shall not be unreasonably withheld), to permanently replace the Defaulting Lender with one or more substitute Lenders (each, a "Replacement Lender"), and the Defaulting Lender shall have no right to refuse to be replaced hereunder. Notice from the Borrowers to the Agents effecting their right to replace the Defaulting Lender shall specify an effective date for such replacement, which date shall not be later than fifteen (15) Business Days after the date such notice is given. Prior to the effective date of such replacement, the Defaulting Lender and each Replacement Lender shall execute and deliver an Assignment and Acceptance, subject only to the Defaulting Lender being repaid its share of the outstanding Obligations without any premium or penalty of any kind whatsoever. If the Defaulting Lender shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such replacement, the Defaulting Lender shall be deemed to have executed and delivered such Assignment and Acceptance. The replacement of any Defaulting Lender shall be made in accordance with the terms of Section 12.07(b). Any such assumption of the Commitment of such Defaulting Lender shall not be deemed to constitute a waiver of any of the Lenders' or the Borrowers' rights or remedies against any such Defaulting Lender arising out of or in relation to such failure to fund.

(b) Except as provided in Section 2.02 or Section 12.07, if any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of any Obligation in excess of its ratable share of payments on account of similar obligations obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in such similar obligations held by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender of any interest or other amount paid by the purchasing Lender in respect of the total amount so recovered); provided, the provisions of this Section 4.03(b) shall not be construed to apply to any payment made by or on behalf of any Borrower pursuant to and in accordance with the terms of this Agreement (including, without limitation, as provided in Section 2.05 and the application of funds arising from the existence of a Defaulting Lender) The Borrowers agree that any Lender so purchasing a participation from another Lender pursuant to this Section 4.03(b) may, to the fullest extent permitted by law, exercise all of its rights (including the Lender's right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrowers in the amount of such participation.

Section 4.04 Apportionment of Payments. Subject to Section 2.02 or Section 12.07 hereof and to any written agreement among the Agents and/or the Lenders:

(a) all payments of principal and interest in respect of outstanding Loans, all payments of fees (other than the fees set forth in Sections 2.06 and 7.01(f) hereof) and all other payments in respect of any other Obligations, shall be allocated by the Administrative Agent among such of the Lenders as are entitled thereto, in proportion to their respective Pro Rata Shares or otherwise as provided herein or, in respect of payments not made on account of Loans, as designated by the Person making payment when the payment is made.

(b) After the occurrence and during the continuance of an Event of Default, the Administrative Agent may, and upon the direction of the Required Lenders shall, apply all proceeds of the Collateral, subject to the provisions of this Agreement, (i) first, ratably to pay the Obligations in respect of any fees, expense reimbursements, indemnities and other amounts then due and payable to the Agents until paid in full; (ii) second, ratably to pay interest then due and payable in respect of the Agent Advances until paid in full; (iii) third, ratably to pay principal of the Agent Advances until paid in full; (iv) fourth, ratably to pay the Obligations in respect of any fees (other than any Applicable Prepayment Premium) and indemnities then due and payable to the Lenders until paid in full; (v) fifth, ratably to pay interest then due and payable in respect of the Loans until paid in full; (vi) sixth, ratably to pay principal of the Loans until paid in full; (vii) seventh, ratably to pay the Obligations in respect of any Applicable Prepayment Premium then due and payable to the Lenders until paid in full; and (viii) eighth, to the ratable payment of all other Obligations then due and payable.

(c) In each instance, so long as no Event of Default has occurred and is continuing, Section 4.04(b) shall not be deemed to apply to any payment by the Borrowers specified by the Administrative Borrower to the Administrative Agent to be for the payment of Term Loan Obligations then due and payable under any provision of this Agreement or the prepayment of all or part of the principal of the Term Loans in accordance with the terms and conditions of Section 2.05.

(d) For purposes of Section 4.04(b), (other than clause (viii)), "paid in full" means payment in cash of all amounts owing under the Loan Documents according to the terms thereof, including loan fees, service fees, professional fees, interest (and specifically including interest accrued after the commencement of any Insolvency Proceeding), default interest, interest on interest, and expense reimbursements, whether or not same would be or is allowed or disallowed in whole or in part in any Insolvency Proceeding, except to the extent that default or overdue interest (but not any other interest) and loan fees, each arising from or related to a default, are disallowed in any Insolvency Proceeding; provided, however, that for the purposes of clause (viii), "paid in full" means payment in cash of all amounts owing under the Loan Documents according to the terms thereof, including loan fees, service fees, professional fees, interest (and specifically including interest accrued after the commencement of any Insolvency Proceeding), default interest, interest on interest, and expense reimbursements, whether or not the same would be or is allowed or disallowed in whole or in part in any Insolvency Proceeding.

(e) In the event of a direct conflict between the priority provisions of this Section 4.04 and other provisions contained in any other Loan Document, it is the intention of the parties hereto that both such priority provisions in such documents shall be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of this Section 4.04 shall control and govern.

Section 4.05 Increased Costs and Reduced Return. (a) If any Lender or any Agent shall have determined that a Change in Law, shall (i) subject such Agent or such Lender, or any Person controlling such Agent or such Lender, to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, (ii) impose, modify or deem applicable any reserve, special deposit or similar requirement against any Loan or against assets of or held by, or deposits with or for the account of, or credit extended by, such Agent or such Lender or any Person controlling such Agent or such Lender or (iii) impose on such Agent or such Lender or any Person controlling such Agent or such Lender any other condition regarding this Agreement or any Loan, and the result of any event referred to in clauses (i), (ii) or (iii) above shall be to increase the cost to such Agent or such Lender of making any Loan, or agreeing to make any Loan, or to reduce any amount received or receivable by such Agent or such Lender hereunder, then, within twenty (20) days after receipt by the Administrative Borrower from such Agent or such Lender of the certificate required under Section 4.05(c), the Borrowers shall pay to such Agent or such Lender such additional amounts as will compensate such Agent or such for such increased costs or reductions in amounts received or receivable.

(b) If any Agent or any Lender shall have determined that any Change in Law either (i) affects or would affect the amount of capital required or expected to be maintained by such Agent or such Lender or any Person controlling such Agent or such Lender, and such Agent or such Lender determines that the amount of such capital is increased as a direct or indirect consequence of any Loans made or maintained, such Agent's or such Lender's or such other controlling Person's other obligations hereunder, or (ii) has or would have the effect of reducing the rate of return on such Agent's or such Lender's or such other controlling Person's capital to a level below that which such Agent or such Lender or such controlling Person could have achieved but for such circumstances as a consequence of any Loans made or maintained, or any guaranty or participation with respect thereto or any agreement to make Loans, or such Agent's, or such Lender's or such other controlling Person's other obligations hereunder (in each case, taking into consideration, such Agent's or such Lender's or such other controlling Person's policies with respect to capital adequacy), then, within twenty (20) days after receipt by the Administrative Borrower from such Agent or such Lender of the certificate required under Section 4.05(c), the Borrowers shall pay to such Agent or such Lender for such cost of maintaining such increased capital or such reduction in the rate of return on such Agent's or such Lender's or such other controlling Person's capital.

(c) All amounts payable under this Section 4.05 shall bear interest from the date that is twenty (20) days after the date of demand by any Agent or any Lender until payment in full to such Agent or such Lender at the Reference Rate. A certificate of such Agent or such Lender claiming compensation under this Section 4.05, specifying the event herein above described and the nature of such event shall be submitted by such Agent or such Lender to the Administrative Borrower, setting forth the additional amount due and an explanation of the calculation thereof in reasonable detail, and such Agent's or such Lender's reasons for invoking the provisions of this Section 4.05, and shall be final and conclusive absent manifest error; provided that any such certificate claiming amounts described in clause (i) or (ii) of the proviso set forth in the definition of Change in Law shall, in addition, state the basis upon which such amount has been calculated and certify that such Agent's or Lender's method of allocating such costs is fair and reasonable and that such Agent's or Lender's demand for payment of such costs hereunder, and such method of allocation, is not inconsistent with its treatment of other borrowers which, as a credit matter, are substantially similar to the Borrowers and which are subject to similar provisions.

(d) If any Lender or Agent becomes entitled to claim any additional amounts pursuant to this Section, it shall promptly notify the Loan Parties of the event by reason of which it has become so entitled; provided that the Loan Parties shall not be required to compensate a Lender or Agent pursuant to this paragraph for any amounts incurred more than six months prior to the date that such Lender or Agent notifies the Loan Parties of such Lender's or Agent's intention to claim compensation therefor in accordance with Section 4.05(c); provided further that, if the circumstances giving rise to such claim have a retroactive effect, then such six-month period shall be extended to include the period of such retroactive effect.

(e) If any Lender or Agent requests compensation or if any Borrower is required to pay any additional amount to any Lender or Agent or if any Borrower is required to pay any additional interest or other amount to any Lender or Agent hereunder, then such Lender or Agent shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the reasonable judgment of such Lender or Agent such designation or assignment (i) would eliminate or reduce amounts payable hereunder in the future, (ii) would not subject such Lender or Agent to any unreimbursed cost or expense, and (iii) would not otherwise be materially disadvantageous to such Lender or Agent.

Section 4.06 Joint and Several Liability of the Borrowers. (a) Notwithstanding anything in this Agreement or any other Loan Document to the contrary, each of the Borrowers hereby accepts joint and several liability hereunder and under the other Loan Documents in consideration of the financial accommodations to be provided by the Agents and the Lenders under this Agreement and the other Loan Documents, for the mutual benefit, directly and indirectly, of each of the Borrowers and in consideration of the undertakings of the other Borrowers to accept joint and several liability for the Obligations. Each of the Borrowers, jointly and severally, hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Borrowers, with respect to the payment and performance of all of the Obligations (including, without limitation, any Obligations arising under this Section 4.06), it being the intention of the parties hereto that all of the Obligations shall be the joint and several obligations of each of the Borrowers without preferences or

distinction among them. If and to the extent that any of the Borrowers shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event, the other Borrowers will make such payment with respect to, or perform, such Obligation. Subject to the terms and conditions hereof, the Obligations of each of the Borrowers under the provisions of this Section4.06 constitute the absolute and unconditional, full recourse Obligations of each of the Borrowers, enforceable against each such Person to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of this Agreement, the other Loan Documents or any other circumstances whatsoever.

(b) The provisions of this Section 4.06 are made for the benefit of the Agents, the Lenders and their successors and assigns, and may be enforced by them from time to time against any or all of the Borrowers as often as occasion therefor may arise and without requirement on the part of the Agents, the Lenders or such successors or assigns first to marshal any of its or their claims or to exercise any of its or their rights against any of the other Borrowers or to exhaust any remedies available to it or them against any of the other Borrowers or to resort to any other source or means of obtaining payment of any of the Obligations hereunder or to elect any other remedy. The provisions of this Section 4.06 shall remain in effect until all of the Obligations (other than unasserted contingent indemnification Obligations) shall have been paid in full or otherwise fully satisfied.

(c) Each of the Borrowers hereby agrees that it will not enforce any of its rights of contribution or subrogation against the other Borrowers with respect to any liability incurred by it hereunder or under any of the other Loan Documents, any payments made by it to the Agents or the Lenders with respect to any of the Obligations or any Collateral, until such time as all of the Obligations (other than unasserted contingent indemnification Obligations) have been paid in full in cash. Any claim which any Borrower may have against any other Borrower with respect to any payments to the Agents or the Lenders hereunder or under any other Loan Documents are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the Obligations arising hereunder or thereunder, to the prior payment in full in cash of the Obligations (other than unasserted contingent indemnification Obligations).

ARTICLE V

CONDITIONS TO LOANS

Section 5.01 Conditions Precedent to Effectiveness. This Agreement shall become effective as of the Effective Date when each of the following conditions precedent shall have been satisfied (or waived) in a manner reasonably satisfactory to the Agents:

(a) Payment of Fees, Etc. The Borrowers shall have paid on or before the date of this Agreement all fees, costs, expenses and taxes then due and payable pursuant to Section 2.06 and Section 12.04 to the extent invoiced at least two (2) Business Days prior to the Effective Date.

(b) Representations and Warranties; No Event of Default. The following statements shall be true and correct: (i) the representations and warranties contained in ARTICLE VI and in each other Loan Document, certificate or other writing delivered to any Agent or any Lender pursuant hereto or thereto on or prior to the date hereof are true and correct in all material respects (except that such materiality qualifier shall not be applicable to representations and warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date in which case such representations and warranties shall have been true and correct on such earlier date, and (ii) no Event of Default shall have occurred and be continuing on the Effective Date or would result from this Agreement or the other Loan Documents becoming effective in accordance with its or their respective terms.

(c) Legality. The making of the initial Loans shall not contravene any law, rule or regulation applicable to any Lender.

(d) Delivery of Documents. The Collateral Agent shall have received on or before the Effective Date the following, each in form and substance reasonably satisfactory to the Collateral Agent and, unless indicated otherwise, dated the Effective Date:

(i) this Agreement, duly executed by the parties hereto;

(ii) the Intercompany Subordination Agreement, duly executed by each of the parties thereto; parties thereto; Administrative Borrower;

(iii) the Flow of Funds Agreement, duly executed by each of the

(iv) the Perfection Certificate, duly executed by the

(v) the Fee Letter, duly executed by the Borrowers;

(vi) a Security Agreement, duly executed by each Loan Party, together with the original stock certificates representing all of the common stock of such Loan Party's subsidiaries required to be pledged thereunder and all intercompany promissory notes of such Loan Parties required to be pledged thereunder, accompanied by undated stock powers executed in blank and other proper instruments of transfer;

(vii) results of Lien searches, listing all effective financing statements which name as debtor any Loan Party and which are filed in the offices referred to in the Perfection Certificate, together with copies of such financing statements, none of which, except as otherwise agreed in writing by the Collateral Agent and Permitted Liens, shall cover any of the Collateral and the results of searches for any tax Lien and judgment Lien filed against such Person or its property, which results, except as otherwise agreed to in writing by the Collateral Agent and Permitted Liens, shall not show any such Liens;

(viii) a copy of the resolutions of each Loan Party, certified as of the Effective Date by an Authorized Officer thereof, authorizing (A) the borrowings hereunder and the transactions contemplated by the Loan Documents to which such Loan Party is or will be a party, and (B) the execution, delivery and performance by such Loan Party of each Loan Document to which such Loan Party is or will be a party and the execution and delivery of the other documents to be delivered by such Person in connection herewith and therewith;

(ix) a certificate of an Authorized Officer of each Loan Party, certifying the names and true signatures of the representatives of such Loan Party authorized to sign each Loan Document to which such Loan Party is or will be a party and the other documents to be executed and delivered by such Loan Party in connection herewith and therewith, together with evidence of the incumbency of such authorized officers;

(x) a certificate of the appropriate official(s) of the jurisdiction of organization of each Loan Party certifying as of a recent date not more than 30 days prior to the Effective Date as to the good standing of such Loan Party, in such jurisdiction, except, in each case, where the failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect of the Loan Parties, taken as a whole;

(xi) a true and complete copy of the charter, certificate of formation, certificate of limited partnership or other publicly filed organizational document of each Loan Party certified as of a recent date not more than 30 days prior to the Effective Date by an appropriate official of the jurisdiction of organization of such Loan Party which shall set forth the same complete name of such Loan Party as is set forth herein and the organizational number of such Loan Party, if an organizational number is issued in such jurisdiction;

(xii) a copy of the Governing Documents of each Loan Party, together with all amendments thereto, certified as of the Effective Date by an Authorized Officer of such Loan Party;

(xiii) an opinion of (A) Davis Polk & Wardwell LLP, special New York counsel to the Loan Parties, (B) Roetzel & Andress, local counsel with respect to the Loan Parties organized in Ohio, and (C) Morris, Nichols, Arsht & Tunnell LLP, local counsel with respect to the Loan Parties organized in Delaware, in each case, as to such customary matters as the Collateral Agent may reasonably request;

(xiv) a certificate of an Authorized Officer of each Loan Party, certifying as to the matters set forth in subsection(b), (e) and (g) of this Section 5.01;

(xv) a copy of the Financial Statements;

(xvi) a certificate of the chief financial officer of the Administrative Borrower, certifying on behalf of the Loan Parties, as to the solvency of the Loan Parties (on a consolidated basis), which certificate shall be reasonably satisfactory in form and substance to the Collateral Agent; and

(xvii) evidence of the insurance coverage required by Section 7.01(h) and the terms of each Security Agreement and such other insurance coverage with

respect to the business and operations of the Loan Parties as the Agents may reasonably request, in each case, where requested by the Agents, together with evidence of the payment of all premiums due in respect thereof for such period as the Agents may reasonably request.

(xviii) concurrently with the making of the initial Loans, evidence of the payment in full of all Indebtedness under the Existing Credit Facility, together with (A) a termination and release agreement with respect to the Existing Credit Facility and all related documents, duly executed by the Loan Parties, the Existing Agent and the Existing Lenders, (B) a satisfaction of mortgage for each mortgage filed by the Existing Agent and/or the Existing Lenders on each applicable Facility, (C) a termination of security interest in intellectual property for each assignment for security recorded by the Existing Agent and/or the Existing Lenders at the United States Patent and Trademark Office or the United States Copyright Office and covering any intellectual property of the Loan Parties, that constitutes Collateral and (D) UCC-3 termination statements for all UCC-1 financing statements authorized to be filed by the Existing Agent and the Existing Lenders and covering any portion of the Collateral;

(e) Availability. After giving effect to the Transactions, Availability of the Loan Parties shall not be less than $10,000,000.

(f) Consummation of the Permitted Holder Contribution. The Agents shall have received reasonably satisfactory evidence that Parent has received the proceeds of a direct or indirect cash equity investment by certain of the Permitted Holders in an amount equal to no less than $12,500,000 (the "Permitted Holder Contribution"). On or prior to the Effective Date, there shall have been delivered to the Collateral Agent true and correct copies of all documents evidencing the contribution described above (the "Permitted Holder Contribution Documents"), as in effect on the Effective Date, and all material terms and provisions of such documents as in effect on the Effective Date shall be in form and substance reasonably satisfactory to the Agents.

(g) Leverage Ratio. After giving effect to the Transactions, the aggregate outstanding amount of the Loans shall be no greater than the lesser of (i) 3.45x Consolidated EBITDA (calculated for the trailing four quarter period ended December 31, 2019) and (ii) $185,000,000.

Section 5.02 Conditions Precedent to All Loans. The obligation of any Agent or any Lender to make any Loan after the Effective Date is subject to the fulfillment of each of the following conditions precedent:

(a) Payment of Fees, Etc. The Borrowers shall have paid all fees, costs, expenses and taxes then payable by the Borrowers pursuant to this Agreement and the other Loan Documents, including, without limitation, Section 2.06 and Section 12.04 hereof.

(b) Representations and Warranties; No Event of Default. The following statements shall be true and correct, and the submission by the Administrative Borrower to the Administrative Agent of a Notice of Borrowing with respect to each such Loan, and the Borrowers' acceptance of the proceeds of such Loan, shall each be deemed to be a representation and warranty by each Loan Party on the date of such Loan: (i) the representations

and warranties contained in ARTICLE VI and in each other Loan Document, certificate or other writing delivered to any Agent or any Lender pursuant hereto or thereto on or prior to the date of such Loan are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such date as though made on and as of such date, except to the extent that any such representation or warranty expressly relates solely to an earlier date in which case such representation or warranty shall be true and correct on and as of such earlier date in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date, (ii) at the time of and after giving effect to the making of such Loan and the application of the proceeds thereof, no Default or Event of Default has occurred and is continuing or would result from the making of the Loan to be made on such date and (iii) the conditions set forth in this Section 5.02 have been satisfied as of the date of such request.

(c) Legality. The making of such Loan shall not contravene any law, rule or regulation applicable to any Agent or any Lender.

(d) Notices. The Administrative Agent shall have received a Notice of Borrowing pursuant to Section 2.02.

(e) Additional Conditions for Delayed Draw Term Loans. With respect to a request for Delayed Draw Term Loans after the Effective Date, (i) the General Atlantic Investment shall have been consummated, (ii) immediately before and after giving effect to the making of any Delayed Draw Term Loan, the Parent and its Subsidiaries shall be in compliance on a pro forma basis with the financial covenants set forth in Section 7.03 (without giving effect to any exercised Cure Right with respect thereto for the applicable trailing four fiscal quarter period), recomputed for the most recent fiscal quarter for which financial statements have been delivered and (iii) the Borrowers shall have delivered a certificate from an Authorized Officer certifying as to clauses 5.02(b) and 5.02(e)(i) and (ii) to the Administrative Agent, together with all calculations related thereto.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

Section 6.01 Representations and Warranties. Each Loan Party hereby represents and warrants to the Agents and the Lenders, so long as any principal of or interest on any Loan or any other Obligation (whether or not due, but excluding unasserted contingent indemnification Obligations) shall remain unpaid or any Lender shall have any Commitment hereunder as follows:

(a) Organization, Good Standing, Etc. Each Loan Party (i) is a corporation, limited liability company or limited partnership duly formed or organized, as

applicable, validly existing and in good standing (to the extent applicable) under the laws of the state or jurisdiction of its formation or organization, as applicable, (ii) has all requisite power and authority to conduct its business as now conducted and as presently contemplated and, in the case of the Borrowers, to make the borrowings hereunder, and to execute and deliver each Loan Document to which it is a party, and to consummate the Transactions contemplated thereby, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary except, with respect to this clause (iii), where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect.

(b) Authorization, Etc. The execution, delivery and performance by each Loan Party of each Loan Document to which it is or will be a party, (i) have been duly authorized by all necessary action, (ii) do not and will not contravene (A) any of its Governing Documents, (B) any applicable Requirement of Law or (C) any Contractual Obligation binding on or otherwise affecting it or any of its properties, (iii) do not and will not result in or require the creation of any Lien (other than pursuant to any Loan Document) upon or with respect to any of its properties other than any such Lien that constitutes a Permitted Lien, and (iv) do not and will not result in any default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to its operations or any of its properties except, in the case of clauses (ii)(B), (ii)(C) and (iv), as could not reasonably be expected to have a Material Adverse Effect.

(c) Governmental and Shareholder Approvals. No authorization or approval or other action by, and no notice to or filing with any Governmental Authority is required in connection with the due execution, delivery and performance by any Loan Party of any Loan Document to which it will be party or the consummation of the Transactions contemplated by the Loan Documents, except for (x) those which have been provided or obtained on or prior to the Effective Date, (y) filings relating to the granting of Liens to, or the enforcement of rights by, the Lenders and Agents and (z) those notices of filings with any Governmental Authority, which if not obtained or made would not, individually or in the aggregate, reasonably be expected to be material and adverse to the Loan Parties, taken as a whole.

(d) Enforceability of Loan Documents. This Agreement is, and each other Loan Document to which any Loan Party is or will be a party, when delivered hereunder, will be, a legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity.

(e) Capitalization; Subsidiaries. Schedule 6.01(e) is a complete and correct description, as of the Effective Date, of the name, jurisdiction of organization and ownership of the outstanding Equity Interests of the Parent and each Subsidiary of the Parent in existence as of the Effective Date. All of the issued and outstanding shares of Equity Interests of the Parent and its Subsidiaries have been validly issued and are fully paid and nonassessable. Except as indicated on such schedule, as of the Effective Date, all such Equity Interests of each Subsidiary of the Parent are owned by the Parent or one or more of its wholly-owned

Subsidiaries, free and clear of all Liens other than Liens in favor of the Collateral Agent and Permitted Liens. Except as set forth on Schedule 6.01(e), as of the Effective Date, there are no outstanding debt or equity securities of the Parent or any of its Subsidiaries and no outstanding obligations of the Parent or any of its Subsidiaries convertible into or exchangeable for, or warrants, options or other rights (other than stock options granted to employees or directors and director's qualifying shares or similar nominal share to the extent required under applicable legal requirements) for the purchase or acquisition from the Parent or any of its Subsidiaries, or other obligations of any Subsidiary to issue, directly or indirectly, any shares of Equity Interests of any Subsidiary of the Parent.

(f) Litigation; Commercial Tort Claims. Except as set forth on Schedule 6.01(f), (i) there is no pending or, to the knowledge of any Loan Party, threatened (in writing) action, suit or proceeding affecting any Loan Party or any of its properties before any court or other Governmental Authority or any arbitrator that (A) could reasonably be expected to result in an adverse determination, and if so adversely determined, could reasonably be expected to have a Material Adverse Effect or (B) seeks to enjoin any transaction contemplated hereby or by any Loan Document and (ii) as of the Effective Date, none of the Loan Parties holds any commercial tort claims in respect of which a claim in excess of $500,000 has been filed in a court of law or a written notice by an attorney has been given to a potential defendant.

(g) Financial Condition. The Financial Statements, copies of which have been delivered to each Agent, present fairly, in all material respects, the consolidated financial position, results of operations and cash flows of Parent and its Subsidiaries for the respective periods or as of the respective dates set forth therein in accordance with GAAP, applied on a consistent basis during the periods presented, except as otherwise noted therein (subject, in the case of the unaudited consolidated balance sheet and the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows, to normal, recurring year-end adjustments and the absence of footnotes). Since December 31, 2018, no event or development has occurred that has had or could reasonably be expected to have a Material Adverse Effect.

(h) Compliance with Law, Etc. No Loan Party or any of its Subsidiaries (excluding Immaterial Subsidiaries) is in violation of (i) any of its Governing Documents or (ii) any domestic or, to the best of its knowledge, any foreign Requirement of Law to the extent that any such violation could reasonably be expected to result in a Material Adverse Effect, and, as of the Effective Date, no material default or event of default has occurred and is continuing thereunder.

(i) ERISA. Except as set forth on Schedule 6.01(i) and except as could not reasonably be expected to have a Material Adverse Effect, (i) each Employee Plan is in substantial compliance with ERISA and the Internal Revenue Code, (ii) no Termination Event has occurred or, to the knowledge of the Loan Parties, is reasonably expected to occur with respect to any Employee Plan and (iii) the most recent annual report (Form 5500 Series) with respect to each Employee Plan, including any required Schedule B (Actuarial Information) thereto, copies of which have been filed with the Internal Revenue Service and delivered to the Agents, is complete and correct in all material respects and fairly presents the funding status of such Employee Plan, and since the date of such report there has been no material adverse change

in such funding status. No Employee Plan had an accumulated or waived funding deficiency in excess of $500,000. No Lien imposed under the Internal Revenue Code or ERISA exists or, to the knowledge of the Loan Parties, is likely to arise on account of any Employee Plan within the meaning of Section 412 of the Internal Revenue Code. Except as set forth on Schedule 6.01(i) and except as could not reasonably be expected to result in a Material Adverse Effect, no Loan Party or any of its ERISA Affiliates has incurred any withdrawal liability under ERISA with respect to any Multiemployer Plan, or is aware of any facts indicating that it or any of its ERISA Affiliates may in the future incur any such withdrawal liability. No Loan Party has engaged in a nonexempt prohibited transaction described in Sections 406 of ERISA or 4975 of the Internal Revenue Code. No Loan Party or any ERISA Affiliate has (i) failed to pay any required installment or other payment required under Section 412 of the Internal Revenue Code on or before the due date for such required installment or payment, (ii) engaged in a transaction within the meaning of Section 4069 of ERISA or (iii) incurred any liability to the PBGC that remains outstanding other than the payment of premiums, and there are no premium payments that have become due that are unpaid. Except as could not reasonably be expected to have a Material Adverse Effect, there are no pending or, to the best knowledge of any Loan Party, threatened claims, actions, proceedings or lawsuits (other than claims for benefits in the normal course) asserted or instituted against (i) any Employee Plan or its assets or (ii) any Loan Party with respect to any Employee Plan. Except as required by Section 4980B of the Internal Revenue Code, no Loan Party maintains an employee welfare benefit plan (as defined in Section 3(1) of ERISA) that provides health or welfare benefits (through the purchase of insurance or otherwise) for any retired or former employee of any Loan Party or coverage after a participant's termination of employment, except any such plans for which the Loan Parties do not incur any material costs or expenses.

(j) Taxes, Etc. All Federal and material state and local income and other material tax returns and other reports required by applicable Requirements of Law to be filed by any Loan Party have been filed, or extensions have been obtained, and all material taxes, assessments and other governmental charges imposed upon any Loan Party or any property of any Loan Party in an aggregate amount for all such taxes, assessments and other governmental charges exceeding $250,000 and which have become due and payable on or prior to the date hereof have been paid, except to the extent contested in good faith by proper proceedings which stay the imposition of any penalty, fine or Lien resulting from the non-payment thereof and with respect to which adequate reserves have been set aside for the payment thereof on the Financial Statements in accordance with GAAP.

(k) Regulations T, U and X. No Loan Party is or will be engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation T, U or X), and no proceeds of any Loan will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock or for any purpose that violates, or is inconsistent with, the applicable requirements of Regulation T, U and X.

(l) Nature of Business. No Loan Party is engaged in any business other than as set forth onSchedule 6.01(l).

(m) Adverse Agreements, Etc. No Loan Party or any of its Subsidiaries is a party to any Contractual Obligation or subject to any restriction or limitation in any Governing Document or any judgment, order, regulation, ruling or other requirement of a court or other Governmental Authority, which has, or in the future could reasonably be expected to have, a Material Adverse Effect.

(n) Permits, Etc. Each Loan Party has, and is in compliance with all permits, licenses, authorizations, approvals, entitlements and accreditations required for such Person lawfully to own, lease, manage or operate, or to acquire, each business currently owned, leased, managed or operated, or to be acquired, by such Person, except as could not reasonably be expected to have a Material Adverse Effect. No condition exists or event has occurred which, in itself or with the giving of notice or lapse of time or both, would result in the suspension, revocation, impairment, forfeiture or non-renewal of any such permit, license, authorization, approval, entitlement or accreditation, and there is no claim that any thereof is not in full force and effect, except as could not reasonably be expected to have a Material Adverse Effect.

(o) Properties. (i) Each Loan Party has good and marketable title to, valid leasehold interests in (other than the Leases), or valid licenses to use, all tangible property and assets material to its business, free and clear of all Liens, except Permitted Liens and, solely as to leasehold interests (other than the Leases), except to the extent the failure to have such valid leasehold interests could not reasonably be expected to have a Material Adverse Effect. All such properties and assets are in good working order and condition, ordinary wear and tear and casualty (to the extent fully covered by insurance subject to a deductible) and condemnation excepted.

(ii) Schedule 6.01(o) sets forth a complete and accurate list, as of the Effective Date, of the location, by state and street address, of all real property owned or leased by each Loan Party and identifies the interest (fee or leasehold) of such Loan Party therein and whether such real property is a "Facility". As of the Effective Date, each Loan Party has valid leasehold interests in the Leases described on Schedule 6.01(o) to which it is a party, except to the extent the failure to have such valid leasehold interests could not reasonably be expected to have a Material Adverse Effect. Each such Lease is (x) valid and enforceable in accordance with its terms in all material respects and is in full force and effect (except to the extent such Lease has terminated in accordance with its terms), except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and (y) no consent or approval of any landlord or other third party in connection with any such Lease is necessary for any Loan Party to enter into and execute the Loan Documents to which it is a party, except as set forth on Schedule 6.01(o). To the knowledge of any Loan Party, as of the Effective Date, no Loan Party has at any time delivered or received any notice of material default which remains uncured under any such Lease and, as of the Effective Date, no event has occurred which, with the giving of notice or the passage of time or both, would constitute a material default under any such Lease, except to the extent such event could not reasonably be expected to result in a Material Adverse Effect.

(p) Full Disclosure. Each Loan Party has disclosed to the Agents all agreements, instruments and corporate or other restrictions to which it is subject, and all other matters known to it, that could reasonably be expected to result in a Material Adverse Effect.

None of the other reports, financial statements, certificates or other written information (other than Projections) furnished by or on behalf of any Loan Party to the Agents in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished), as of the date prepared, contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which it was made, not materially misleading. The Projections have been prepared on a reasonable basis and in good faith based on assumptions, estimates, methods and tests believed by the Loan Parties to be reasonable at the time such Projections were prepared and information believed by the Loan Parties to have been accurate based upon the information available to the Loan Parties at the time such Projections was furnished to the Lenders, and the Loan Parties are not aware of any facts or information that would lead them to believe that such Projections were incorrect or misleading in any material respect as of the Effective Date; it being understood that (1) projections are by their nature subject to significant uncertainties and contingencies, many of which are beyond the Loan Parties' control, (2) actual results may differ materially from the projections and such variations may be material and (3) the projections are not a guarantee of performance.

(q) Franchise Agreements.

(i) Schedule 6.01(q) sets forth, as of December 31, 2019, (A) a complete and accurate list of all material Franchise Agreements currently in effect, (B) a complete and accurate list of each of the Loan Parties' (or their predecessor franchisor's) standard forms of Franchise Agreements currently in effect for the 6 months prior to the Effective Date, including the year or years during which the applicable Loan Party (or its predecessor) used such form of Franchise Agreement, and (C) a list of all material Franchisees of the Parent or its Subsidiaries currently operating under a Franchise Agreement, together with telephone numbers and addresses.

(ii) As of the Effective Date, except as set forth on Schedule 6.01(q), each material Franchise Agreement is in full force and effect and constitutes a valid and binding obligation of the applicable Loan Party and, to the knowledge of such Loan Party, the other party thereto, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws. No Loan Party is in material breach or default thereunder, and, to the knowledge of the Loan Parties, no event has occurred and no condition or state of facts exists which, with the passage of time or the giving of notice or both, would constitute such a default or breach by the applicable Loan Party thereunder. Except as set forth on Schedule 6.01(q), there is no material term, obligation, understanding or agreement that would modify any material term of a material Franchise Agreement or any right or obligation of a party thereunder which is not reflected on the face of such material Franchise Agreement (including without limitation any offers or promises with respect to any future or contingent subsidies, rebates, discounts, advances or allowances to or for the benefit of any or all Franchisees).

(iii) As of the Effective Date, the Loan Parties' franchise disclosure documents and/or Franchise Disclosure Documents previously in effect and, to the extent applicable, currently in effect, if any: (A) materially comply and have materially complied with all applicable United States Federal Trade Commission ("FTC") franchise disclosure rules

and state franchise and business opportunity sales laws in effect at such time; (B) have been timely amended to reflect any material changes or developments in the Loan Parties' franchise system, agreements, operations, financial condition, litigation matters, or other matters requiring disclosure under any applicable law; and (C) include all material documents (including audited financial statements for the applicable Person) required by any applicable law to be provided to prospective franchisees. After the Effective Date, all of the Franchises granted under the Franchise Agreements entered into after the Effective Date have been sold in material compliance with applicable law, including franchise disclosure and registration requirements. Each of the Loan Parties and their Subsidiaries are and have been in material compliance with all applicable laws relating to franchise matters.

(iv) A list of each of the Loan Parties' material Franchise Disclosure Documents for its currently offered form or forms of Franchise Agreement is set forth on Schedule 6.01(q). The Loan Parties have provided the Collateral Agent with true and complete copies of each material Franchise Disclosure Document for its currently offered form or forms of Franchise Agreement set forth on Schedule 6.01(q). As of the Effective Date, except as set forth on Schedule 6.01(q), the Loan Parties have not received any currently effective written notice of any threatened administrative, criminal or civil action against it or any persons disclosed in any of the Loan Parties' applicable Franchise Disclosure Document for its Franchise Agreements, where such threatened administrative, criminal and/or civil action alleges a violation of a franchise law, antitrust law, securities law, fraud, unfair or deceptive practices, or comparable allegations, as well as actions other than ordinary routine litigation incidental to the Loan Parties' business that are material in the context of the number of Loan Parties' Franchisees and the size, nature, or financial condition of the franchise system or the Loan Parties' business operations.

(v) As of the Effective Date, except as set forth on Schedule 6.01(q), each Loan Party has maintained an accurate accounting in all material respects with respect to any advertising funds required to be paid by any Franchisee or an advertising fund for use in connection with national or regional advertising for which it maintains accounts. All collections with respect to such advertising funds and advertising cooperatives have been collected in material accordance with the terms and conditions of each Franchise Agreement, except to the extent where the failure to do so could not reasonably be expected to result in a Material Adverse Effect. The Loan Parties have properly accounted for all payments made by each Franchisee with respect to any advertising fund or advertising cooperative, except to the extent where the failure to do so could not reasonably be expected to result in a Material Adverse Effect. No Loan Party is aware of any allegations that any of the expenditures from any advertising fund or advertising cooperative have been improperly collected, accounted for, maintained, used or applied that could reasonably be expected to result in a Material Adverse Effect.

(r) Environmental Matters. Except as set forth on Schedule 6.01(r), (i) the operations of each Loan Party are in compliance with all Environmental Laws in all material respects; (ii) there has been no Release at any of the properties owned or operated by any Loan Party or a predecessor in interest, or, to the knowledge of the Loan Parties, at any disposal or treatment facility which received Hazardous Materials generated by any Loan Party or any predecessor in interest which in either case could reasonably be expected to have a

Material Adverse Effect; (iii) no Environmental Action has been asserted against any Loan Party or any predecessor in interest nor does any Loan Party have knowledge or notice of any threatened or pending Environmental Action against any Loan Party or any predecessor in interest which in either case could reasonably be expected to have a Material Adverse Effect; (iv) to the knowledge of the Loan Parties, no Environmental Actions have been asserted against any facilities that may have received Hazardous Materials generated by any Loan Party or any predecessor in interest which could reasonably be expected to have a Material Adverse Effect; (vi) no Loan Party has failed to report to the proper Governmental Authority any Release which is required to be so reported by any Environmental Laws which could reasonably be expected to have a Material Adverse Effect; (vii) each Loan Party holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of the business carried on by it, except for such licenses, permits and approvals as to which a Loan Party's failure to maintain or comply with could not reasonably be expected to have a Material Adverse Effect; and (viii) no Loan Party has received any notification from any Governmental Authority pursuant to any Environmental Laws that (A) any work, repairs, construction or Capital Expenditures are required to be made in respect as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto or (B) any license, permit or approval referred to above is about to be reviewed, made subject to limitations or conditions, revoked, withdrawn or terminated, in each case, except as could not reasonably be expected to have a Material Adverse Effect.

(s) Insurance. Each Loan Party keeps its property adequately insured and maintains (i) insurance to such extent and against such risks, including fire, as is customary with companies in the same or similar businesses, (ii) workmen's compensation insurance in the amount required by applicable law, (iii) public liability insurance in the amount customary with companies in the same or similar business against claims for personal injury or death on properties owned, occupied or controlled by it, and (iv) such other insurance as may be required by law. Schedule 6.01(s) sets forth a list of all insurance maintained by each Loan Party on the Effective Date.

(t) Use of Proceeds. The proceeds of the Loans shall be used to (i) pay in full the Existing Credit Facility, (ii) redeem certain existing shareholders and pay out certain minority shareholders of the Parent and its Subsidiaries, (iii) close down non-core assets, (iv) pay fees and expenses in connection with the Transactions contemplated hereby and the Loan Documents and (v) fund working capital or other corporate purposes of the Loan Parties and their Subsidiaries, except as prohibited hereunder.

(u) Solvency. After giving effect to the transactions contemplated by this Agreement and before and after giving effect to each Loan, the Loan Parties on a consolidated basis are Solvent on the Effective Date and, to the actual knowledge of any Authorized Officer (without duty to investigate beyond known facts), upon the making of any Loan after the Effective Date.

(v) Location of Bank Accounts. Schedule 6.01(v) sets forth a complete and accurate list as of the Effective Date of all deposit, checking and other bank accounts, all securities and other accounts maintained with any broker dealer and all other similar accounts maintained by each Loan Party, together with a description thereof (i.e., the bank or broker dealer at which such deposit or other account is maintained and the account number and the purpose thereof).

(w) Intellectual Property. Except as set forth on Schedule 6.01(w), each Loan Party owns or licenses or otherwise has the right to use the following material intellectual property: inventions, patents, patent applications, registered and unregistered trademarks, service marks and trade names, registered and unregistered copyrights, including software and other works of authorship, and other intellectual property rights that are necessary for and material to the conduct of its business as currently conducted. Set forth on Schedule 6.01(w) is a list as of the Effective Date of all material issued United States patents, United States patent applications, registered United States trademarks or service marks, United States trademark or service mark applications, registered United States trade names and United States copyright registrations of each Loan Party that constitute Collateral. To the knowledge of any Loan Party, no Loan Party infringes upon or violates any intellectual property rights owned by any other Person except if such Loan Party could not, as a result of such infringement or violation, reasonably be expected to suffer a Material Adverse Effect, and no claim or litigation is pending or, to the knowledge of any Loan Party, threatened in writing concerning any claim or allegation that a Loan Party has infringed upon or violated any intellectual property rights owned by any other Person, except for such claims and proceedings, which could not reasonably be expected to have a Material Adverse Effect.

(x) Material Contracts. Set forth on Schedule 6.01(x) is a complete and accurate list as of the Effective Date of all Material Contracts of each Loan Party, showing the parties and subject matter thereof and amendments and modifications thereto. Each such Material Contract (i) is in full force and effect and is binding upon and enforceable against each Loan Party that is a party thereto and (ii) is not in default due to the action of any Loan Party or, to the knowledge of any Loan Party, any other party thereto, except to the extent that any such default could not reasonably be expected to result in a Material Adverse Effect.

(y) Investment Company Act. None of the Loan Parties is required to be registered as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(z) Employee and Labor Matters. There is (i) no unfair labor practice complaint pending or, to the knowledge of any Loan Party, threatened (in writing) against any Loan Party before any Governmental Authority and no grievance or arbitration proceeding pending or threatened (in writing) against any Loan Party that arises out of or under any collective bargaining agreement, in each case that could reasonably be expected to result in a Material Adverse Effect or (ii) no strike, labor dispute, slowdown, stoppage or similar action or grievance pending or, to the knowledge of any Loan Party, threatened (in writing) against any Loan Party that could reasonably be expected to result in a Material Adverse Effect. No Loan Party has incurred any liability or obligation under the Worker Adjustment and Retraining Notification Act ("WARN") or similar state law that remains unpaid or unsatisfied. The hours worked and payments made to employees of any Loan Party have not been in violation of the Fair Labor Standards Act or any other applicable legal requirements, except to the extent that such violations could not reasonably be expected to result in a Material Adverse Effect. All material payments due from any Loan Party on account of wages and employee health and

welfare insurance and other benefits have been paid or accrued as a liability on the books of such Loan Party, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(aa) Customers and Suppliers. There exists no actual or, to the knowledge of any Loan Party, threatened (in writing) termination, cancellation or limitation of, or modification to or change in, the business relationship between (i) any Loan Party, on the one hand, and any customer or any group thereof, on the other hand, or (ii) any Loan Party, on the one hand, and any supplier or any group thereof, on the other hand, in either case with respect to clauses (i) and (ii), which could reasonably be expected to have a Material Adverse Effect.

(bb) [Intentionally Omitted].

(cc) [Intentionally Omitted].

(dd) Name; Jurisdiction of Organization; Organizational ID Number; Chief Place of Business; Chief Executive Office; FEIN. Schedule 6.01(dd) sets forth a complete and accurate list as of the Effective Date of (i) the exact legal name of each Loan Party, (ii) the jurisdiction of organization of each Loan Party, (iii) the organizational identification number of each Loan Party (or indicates that such Loan Party has no organizational identification number), (iv)each material place of business of each Loan Party, (v) the chief executive office of each Loan Party and (vi) the federal employer identification number of each Loan Party.

(ee) Locations of Collateral. There is no location at which any Loan Party has any Collateral (except for Inventory in transit, assets at any location having a value not exceeding $500,000 in the aggregate, equipment out for repair or in use by employees in the ordinary course of business consistent with past practice and Collateral in the possession of the Collateral Agent) other than (i) those locations listed on Schedule 6.01(ee) and (ii) any other locations in the United States for which such Loan Party has provided notice to the Agents in accordance with Section 7.01(l) and, if necessary, use commercially reasonable efforts to obtain a written subordination or waiver or collateral access agreement in accordance with and to the extent required by Section 7.01(m).

(ff) Security Interests. Each Security Agreement creates in favor of the Collateral Agent, for the benefit of the Agents and the Lenders, a legal, valid and enforceable (subject to bankruptcy and creditors' rights generally) security interest in the Collateral secured thereby. Upon the filing of the UCC-1 financing statements described in Section 5.01(d) and the recording of the Collateral Assignments for Security referred to in each Security Agreement in the United States Patent and Trademark Office and the United States Copyright Office, as applicable, such security interests in and Liens on the Collateral granted thereby which may be perfected by such filing shall be perfected, first priority security interests (subject to Permitted Liens), to the extent that such security interest can be perfected by such filings and recordings, and no further recordings or filings are or will be required in connection with the creation, perfection or enforcement of such security interests and Liens, other than (i) the filing of continuation statements in accordance with applicable law and (ii) the recording of the Collateral Assignments for Security pursuant to each Security Agreement in the United States Patent and Trademark Office and the United States Copyright Office, as applicable, with respect to after-acquired U.S. patent and trademark applications and registrations and U.S. copyright registrations.

(gg) [Intentionally Omitted].

(hh) [Intentionally Omitted].

(ii) Anti-Money Laundering and Anti-Terrorism Laws.

(i) The Loan Parties and Subsidiaries, and to the best knowledge of any Loan Party, any controlled Affiliates of any of the Loan Parties, are and for the past six years have been in compliance in all material respects with Anti-Money Laundering and Anti-Terrorism Laws.

(ii) None of the Loan Parties, nor any Subsidiary, nor, to the best knowledge of any Loan Party, any controlled Affiliate of any of the Loan Parties, nor any officer or director of any of the Loan Parties, nor any of the Loan Parties' respective agents acting or benefiting in any capacity in connection with the Loans or other transactions hereunder, is a Sanctioned Person.

(jj) Anti-Bribery and Anti-Corruption Laws.

(i) The Loan Parties and Subsidiaries, and to the best knowledge of any Loan Party, any controlled Affiliates of any of the Loan Parties, are and for the past five years have been in compliance in all material respects with the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), and the anti-bribery and anti-corruption laws of those jurisdictions in which they do business (collectively, the "Anti-Corruption Laws").

(ii) To the best knowledge of any Loan Party, except to the extent otherwise disclosed in writing to the Agents prior to the Effective Date, there are, and in the past five years have been, no allegations, pending or open investigations or pending inquiries, in each case of a Governmental Authority with regard to a potential violation of any Anti- Corruption Law by any of the Loan Parties or any of their respective current or former directors, officers, employees, principal shareholders or owners, or agents.

ARTICLE VII

COVENANTS OF THE LOAN PARTIES

Section 7.01 Affirmative Covenants. So long as any principal of or interest on any Loan or any other Obligation (whether or not due, but excluding unasserted contingent indemnification Obligations) shall remain unpaid or any Lender shall have any Commitment hereunder, each Loan Party will, unless the Required Lenders shall otherwise consent in writing:

(a) Reporting Requirements. Furnish to each Agent, who shall then furnish such information to each Lender:

(i) as soon as available, and in any event within forty-five (45) days after the end of each fiscal quarter of the Parent and its Subsidiaries, commencing with the first fiscal quarter of the Parent and its Subsidiaries ending after the Effective Date, internally prepared consolidated and consolidating balance sheets, consolidated and consolidating statements of operations and retained earnings and consolidated and consolidating statements of cash flows as at the end of such fiscal quarter in each case in the form prepared by the Administrative Borrower as of the Effective Date, or otherwise in form reasonably satisfactory to the Agents, and for the period commencing at the end of the immediately preceding Fiscal Year and ending with the end of such fiscal quarter, all in reasonable detail and certified by an Authorized Officer of the Parent as fairly presenting, in all material respects, the financial position of the Parent and its Subsidiaries on a consolidated basis as at the end of such fiscal quarter and the results of operations, retained earnings and cash flows of the Parent and its Subsidiaries for such fiscal quarter, in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements furnished to the Agents and the Lenders, subject to the absence of footnotes and normal year-end adjustments;

(ii) as soon as available, and in any event within one hundred and twenty (120) days after the end of each Fiscal Year of the Parent and its Subsidiaries, consolidated and consolidating balance sheets, consolidated and consolidating statements of operations and retained earnings and consolidated and consolidating statements of cash flows of the Parent and its Subsidiaries as at the end of such Fiscal Year, setting forth in each case in comparative form the figures for the corresponding date or period set forth in the financial statements for the immediately preceding Fiscal Year, all in reasonable detail and prepared in accordance with GAAP, and accompanied by a report and an opinion, prepared in accordance with generally accepted auditing standards, of independent certified public accountants of recognized standing selected by the Parent and reasonably satisfactory to the Agents (which opinion shall be without (A) any qualification, exception or explanatory paragraph expressing substantial doubt about the ability of the Parent or any of its Subsidiaries to continue as a going concern, (B) any qualification or exception (other than as a result of (x) the maturity date of any Indebtedness occurring within 12 months of the date of such audit and (y) any anticipated breach of any financial covenant contained in this Agreement) as to the scope of such audit, or (C) any qualification which relates to the treatment or classification of any item and which, as a condition to the removal of such qualification, would require an adjustment to such item, the effect of which would be to cause any noncompliance with the provisions of Section 7.03);

(iii) as soon as available, and in any event within thirty (30) days after the end of each calendar month of the Parent and its Subsidiaries, commencing with the first calendar month of the Parent and its Subsidiaries ending after the Effective Date, internally prepared consolidated and consolidating balance sheets, consolidated and consolidating statements of operations and retained earnings and consolidated and consolidating statements of cash flows as at the end of such fiscal month for the Parent and its Subsidiaries in each case in the form prepared by the Borrower as of the Effective Date, or otherwise in form reasonably satisfactory to the Agents, and for the period commencing at the end of the immediately preceding Fiscal Year and ending with the end of such fiscal month, all in reasonable detail and certified by an Authorized Officer of the Parent as fairly presenting, in all material respects, the financial position of the Parent and its Subsidiaries as at the end of such fiscal month and the results of operations, retained earnings and cash flows of the Parent and its

Subsidiaries for such fiscal month, in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements furnished to the Agents and the Lenders, subject to the absence of footnotes and normal year-end adjustments;

(iv) simultaneously with the delivery of the financial statements of the Parent and its Subsidiaries required by clauses (i) and (ii) of this Section 7.01(a), a certificate of an Authorized Officer of the Parent (a "Compliance Certificate") in substantially the form attached hereto as Exhibit E, (A) stating that such Authorized Officer has reviewed the provisions of this Agreement and the other Loan Documents and has made or caused to be made under his or her supervision a review of the condition and operations of the Parent and its Subsidiaries during the period covered by such financial statements with a view to determining whether the Parent and its Subsidiaries were in compliance with all of the provisions of this Agreement and such Loan Documents at the times such compliance is required hereby and thereby, and that such review has not disclosed, and such Authorized Officer has no knowledge of, the occurrence and continuance during such period of an Event of Default or Default or, if an Event of Default or Default had occurred and continued or is continuing, describing the nature and period of existence thereof and the action which the Parent and/or its Subsidiaries propose to take or have taken with respect thereto; and (B) attaching a schedule showing the calculation of the financial covenant specified in Section 7.03 for the applicable period;

(v) as soon as available and in any event concurrently with the delivery of the financial statements required by Section 7.01(a)(iii), sales reports, in form and detail substantially in the form attached hereto as Exhibit F, setting forth (A) the amount of same store sales per Franchised Location for such monthly period, (B) the number of Franchised Locations opened and Franchise Agreements executed for such monthly period, (C) the aggregate Franchise Collections of the Parent and its Subsidiaries for such monthly period (showing on separate lines each major category of such Franchise Collections) and (D) delinquent Franchise Collections in excess of 5% of all Franchise Collections (individually) more than 90 days past due;

(vi) [Intentionally Omitted];

(vii) as soon as available and in any event not later than 30 days after the end of each Fiscal Year, a certificate of an Authorized Officer of the Parent (A) attaching a projected annual budget for the Parent and its Subsidiaries which includes projected monthly balance sheets, profit and loss statements, income statements and statements of cash flows of the Parent and its Subsidiaries for the immediately succeeding Fiscal Year for the Parent and its Subsidiaries (the most recently-delivered such projections being referred to herein as the "Projections"), supplementing and superseding the Projections previously required to be delivered pursuant to this Agreement, in form reasonably satisfactory to the Agents (it being agreed that Projections in substantially the form of the Projections delivered on or prior to the Effective Date are satisfactory to the Agents), and (B) certifying that the representations and warranties set forth in this Section 7.01(a)(vii) are true and correct with respect to the Projections; provided, that after a public offering of any Equity Interests of the Parent or any parent company of the Parent or after any of the foregoing otherwise have securities outstanding that cause one or more of them to become subject to the reporting obligations of the Exchange Act, the parties hereto agree that all Projections delivered after such public offering and any

other financial information marked as confidential so delivered shall be treated as material non- public information and shall be subject to the confidentiality terms set forth in Section 12.20, and the Agent acknowledges on behalf of the Lenders that trading in the securities of such entities while in possession of such Projections or other material non-public information could constitute a violation of the Exchange Act;

(viii) promptly after submission to any Governmental Authority, notice of such submission, and, upon request of any Agent, all material documents and material information furnished to such Governmental Authority, in each case in connection with any investigation of any Loan Party which, to the knowledge of such Loan Party, could reasonably be expected to result in a Material Adverse Effect;

(ix) as soon as reasonably practicable, and in any event within three (3) Business Days after an Authorized Officer of any Loan Party obtains knowledge of the occurrence of an Event of Default or Default or the occurrence of any event or development that could reasonably be expected to have a Material Adverse Effect, the written statement of an Authorized Officer of the Administrative Borrower setting forth the details of such Event of Default or Default or other event or development having a Material Adverse Effect and the action which the affected Loan Party proposes to take with respect thereto;

(x) (A) as soon as reasonably practicable and in any event within ten (10) days after any Loan Party or any ERISA Affiliate thereof knows or has reason to know that (1) any Reportable Event with respect to any Employee Plan has occurred, (2) any other Termination Event with respect to any Employee Plan has occurred, or (3) an accumulated funding deficiency has been incurred or an application has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including installment payments) or an extension of any amortization period under Section 412 of the Internal Revenue Code with respect to an Employee Plan, a statement of an Authorized Officer of the Administrative Borrower setting forth the details of such occurrence and the action, if any, that such Loan Party proposes to take with respect thereto, in the case of (1) through (3) above, except as could not reasonably be expected to result in material liability for any Loan Party, (B) promptly and in any event within three (3) days after receipt thereof by any Loan Party or any ERISA Affiliate thereof from the PBGC, copies of each notice received by any Loan Party or any ERISA Affiliate thereof of the PBGC's intention to terminate any Plan or to have a trustee appointed to administer any Plan, (C) promptly and in any event within ten (10) days after the filing thereof with the Internal Revenue Service if requested by any Agent, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each Employee Plan and Multiemployer Plan, (D) promptly and in any event within ten (10) days after any Loan Party or any ERISA Affiliate thereof knows or has reason to know that a required installment within the meaning of Section 412 of the Internal Revenue Code has not been made when due with respect to an Employee Plan and (E) promptly and in any event within three (3) days after receipt thereof by any Loan Party or any ERISA Affiliate thereof from a sponsor of a Multiemployer Plan or from the PBGC, a copy of each notice received by any Loan Party or any ERISA Affiliate thereof concerning the imposition or amount of withdrawal liability under Section 4202 of ERISA or indicating that such Multiemployer Plan may enter reorganization status under Section 4241 of ERISA;

(xi) promptly after the commencement thereof but in any event not later than ten (10) Business Days after service of process with respect thereto on, or the obtaining of knowledge thereof by, any Loan Party, notice of the commencement of each action, suit or proceeding before any court or other Governmental Authority or other regulatory body or any arbitrator which could reasonably be expected to have a Material Adverse Effect;

(xii) promptly, and in any event within five (5) Business Days after any Authorized Officer of Parent or its Subsidiaries obtains knowledge thereof, notice of (a) the early termination of any Material Contract or any material portion thereof, (b) receipt by any Parent or any of its Subsidiaries of a written notice of default under any Material Contract, (c) any material amendment, supplement or other modification to any Material Contract (together with a copy thereof), and (d) any notice or other material correspondence relating to a dispute or audit threatened or initiated under any Material Contract, in each case under this subclause (d), that could reasonably be expected to have a Material Adverse Effect, and such information as the Administrative Agent may reasonably request regarding such dispute or audit and the resolution thereof;

(xiii) as soon as reasonably practicable and in any event within five (5) Business Days after execution, receipt or delivery thereof, copies of any material notices that any Loan Party executes or receives in connection with the sale or other Disposition of the Equity Interests of, or all or substantially all of the assets of, any Loan Party (other than with respect to a Disposition to another Loan Party);

(xiv) promptly upon receipt thereof, copies of all financial reports (including, without limitation, final management letters), if any, submitted to any Loan Party by its auditors in connection with any final annual audit of the books thereof; and

(xv) promptly upon reasonable request, such other information (other than information subject to confidentiality obligations with a third party or attorney client privilege or the sharing of which information is prohibited by applicable law, in which case, to the extent reasonably practical to provide the same, redacted summaries of such information shall be provided) concerning the condition or operations, financial or otherwise (including a listing of Accounts Receivable and accounts payable that reflects the amount and aging thereof), of any Loan Party as any Agent may from time to time may reasonably request.

(b) Additional Guaranties and Collateral Security. Cause:

(i) each Subsidiary of any Loan Party (other than an Excluded Subsidiary) not in existence on the Effective Date (a "New Subsidiary"), to execute and deliver to the Collateral Agent promptly and in any event within forty-five (45) days after the formation, acquisition or change in status thereof (except with respect to clause (C) below, which the Loan Parties shall have sixty (60) days to comply with, provided that the Loan Parties shall deliver the items required by clause (C) below in accordance with Section 7.01(o)),

(A) a Joinder Agreement, pursuant to which such Subsidiary shall be made a party to this Agreement as a Borrower or a Guarantor,

(B) a supplement to the Security Agreement, together with (1) certificates (if any) evidencing all of the Equity Interests of such Domestic Subsidiaries owned by such New Subsidiary, (2) undated stock powers executed in blank and (3) such opinions of counsel and such approving certificate of such Subsidiaries as the Collateral Agent may reasonably request in respect of complying with any legend on any such certificate or any other matter relating to such shares,

(C) if such New Subsidiary has a fee interest in any real property that would constitute After Acquired Property with a Current Value in excess of $500,000 if it were acquired by a Loan Party, if requested by the Collateral Agent, one or more Mortgages creating on such real property a perfected, first priority Lien on such real property, a Title Insurance Policy covering such real property, a current ALTA survey thereof and a surveyor's certificate, each in form and substance reasonably satisfactory to the Collateral Agent, together with such other agreements, instruments and documents as the Collateral Agent may require under Section 7.01(o),

(D) such other agreements, instruments, approvals or other documents reasonably requested by the Collateral Agent in order to create, perfect, establish the first priority of or otherwise protect any Lien purported to be covered by any such Security Agreement or Mortgage or otherwise to effect the intent that such Subsidiary shall become bound by all of the terms, covenants and agreements contained in the Loan Documents and that all property and assets (other than Excluded Assets (as defined in the Security Agreement)) of such New Subsidiary shall become Collateral for the Obligations; and

(ii) each Loan Party that is an owner of the Equity Interests of any such New Subsidiary to execute and deliver promptly and in any event within fifteen (15) Business Days after the formation or acquisition of such New Subsidiary a Pledge Amendment (as defined in the Security Agreement), together with (A) certificates (if any) evidencing all of the Equity Interests of such Subsidiary, (B) undated stock powers or other appropriate instruments of assignment executed in blank, (C) such opinions of counsel and such approving certificate of such New Subsidiary as the Collateral Agent may reasonably request in respect of complying with any legend on any such certificate or any other matter relating to such shares and (D) such other agreements, instruments, approvals, legal opinions, or other documents reasonably requested by the Collateral Agent.

Notwithstanding anything to the contrary in the Loan Documents, in no event shall (a) any Excluded Subsidiary be required to become a Borrower or Guarantor or (b) any Loan Party be required to pledge (i) any Equity Interests of any Immaterial Subsidiary or (ii) more than 65% of the voting (and 100% of the non-voting) Equity Interests of any Foreign Subsidiary, in each case, so long as such Subsidiary remains an "Immaterial Subsidiary" or a "Foreign Subsidiary" as defined herein.

(c) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply with all applicable Requirements of Law (including, without limitation, all Environmental Laws), judgments and awards (including any settlement of any claim that, if breached, could give rise to any of the foregoing), except to the extent the failure to so comply could not reasonably be expected to have a Material Adverse Effect, such compliance to include,

without limitation, (i) paying before the same become delinquent all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or upon any of its properties, other than any such taxes, assessments and governmental charges which are less than $250,000 or which are being contested in good faith by proper proceedings which stay the imposition of any penalty, fine or enforcement of any Lien resulting from the non-payment thereof and with respect to which adequate reserves have been set aside for the payment thereof in accordance with GAAP and (ii) paying all material lawful claims which if unpaid might become a Lien or charge upon any of its properties, except to the extent contested in good faith by proper proceedings which stay the imposition of any penalty, fine or Lien resulting from the non-payment thereof and with respect to which adequate reserves have been set aside for the payment thereof in accordance with GAAP.

(d) Preservation of Existence, Etc. Except as otherwise expressly permitted by this Agreement, do or cause to be done all things reasonably necessary to maintain and preserve, and cause each of its Subsidiaries (other than Immaterial Subsidiaries) to maintain and preserve, its existence, rights and privileges, and become or remain, and cause each of its Subsidiaries to become or remain, duly qualified and in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(e) Keeping of Records and Books of Account. Keep, and cause each of its Subsidiaries to keep, adequate records and books of account, with complete entries made to permit the preparation of financial statements in accordance with GAAP.

(f) Inspection Rights. Permit, and cause each of its Subsidiaries to permit, the agents and representatives of any Agent at reasonable times and during normal business hours, and, so long as no Event of Default has occurred and is continuing, upon reasonable prior notice at the expense of the Borrowers, to examine and make copies of and abstracts from its records and books of account, to visit and inspect its properties, to verify materials, leases, notes, accounts receivable, deposit accounts and its other assets, to conduct audits, physical counts, valuations, appraisals, Phase I Environmental Site Assessments or examinations and to discuss its affairs, finances and accounts with any of its directors, officers, managerial employees, independent accountants or any of its other representatives, provided, that so long as no Event of Default shall have occurred and be continuing, (x) the Loan Parties shall not be obligated to pay the fees, costs and expenses for more than one (1) such inspections of the Loan Parties conducted during each consecutive twelve (12) month period during the term of this Agreement unless the regulatory authorities to which any Lender reports requires more frequent inspections (not to exceed one (1) inspection each quarter) based upon the regulatory credit rating applicable to Borrowers and (y) the Administrative Borrower shall be given a reasonable opportunity to have a representative present at any such inspection (and if the Administrative Borrower so elects to have a representative present at such inspection, then such inspection shall be held at a time that is reasonably acceptable to both the Administrative Borrower and the Agents). The Borrowers agree to pay (i) $850 per day per examiner (not to exceed one (1) examiner and a period of three (3) Business Days so long as no Event of Default has occurred and is continuing) plus the examiner's reasonable and documented out-of-pocket costs and expenses incurred in connection with all such visits, audits, inspections, appraisals, valuations

and field examinations and (ii) the reasonable and documented out-of-pocket cost of all visits, audits, inspections, appraisals, valuations and field examinations conducted by a third party on behalf of the Agents. In furtherance of the foregoing, each Loan Party hereby authorizes its independent accountants, and the independent accountants of each of its Subsidiaries, to discuss the affairs, finances and accounts of such Person with the agents and representatives of any Agent in accordance with this Section 7.01(f).

(g) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries (except for Immaterial Subsidiaries) to maintain and preserve, all of its material properties which are necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear and casualty and condemnation excepted, and comply, and cause each of its Subsidiaries (except for Immaterial Subsidiaries) to comply, at all times with the material provisions of all leases to which it is a party as lessee or under which it occupies property, so as to prevent any loss or forfeiture thereof or thereunder, except to the extent any such noncompliance could not reasonably be expected to result in a Material Adverse Effect.

(h) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations (including, without limitation, comprehensive general liability, hazard and rent insurance) with respect to its properties (including all real properties leased or owned by it, and except, in the case of any leased real property, to the extent maintenance of insurance is the responsibility of any landlord under the lease with respect thereto) and business, in such amounts, subject to such deductibles and self-insurance retentions, and covering such risks as is required by any Governmental Authority having jurisdiction with respect thereto or as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated. All policies covering the Collateral are to be made payable to the Collateral Agent for the benefit of the Agents and the Lenders, as its interests may appear, under a standard non-contributory "lender" or "secured party" clause and are to contain such other provisions as the Agents may reasonably require to fully protect the Lenders' interest in the Collateral and to any payments to be made under such policies; provided, however, that (i) each Agent hereby agrees that the terms of the Loan Parties' insurance certificates (and not the endorsements) in effect on the Effective Date are satisfactory to each Agent and (ii) payments made under such policies with respect to the Collateral shall be subject to Section 2.05(c)(viii). All certificates of insurance are to be delivered to the Collateral Agent (with copies thereof to the Administrative Agent), with the loss payable and additional insured endorsement in favor of the Collateral Agent and such other Persons as the Collateral Agent may designate from time to time, and shall provide for not less than thirty (30) days' prior written notice to the Agents of the exercise of any right of cancellation (ten (10) days' prior written notice in the case of non-payment). If any Loan Party or any of its Subsidiaries fails to maintain such insurance, any Agent may, upon prior written notice to the Administrative Borrower, arrange for such insurance, but at the Borrowers' expense and without any responsibility on such Agent's part for obtaining the insurance, the solvency of the insurance companies, the adequacy of the coverage, or the collection of claims. Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall have the sole right, in the name of the Lenders, any Loan Party and its Subsidiaries, to file claims under any insurance policies, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies.

(i) Obtaining of Permits, Etc. Obtain, maintain and preserve, and cause each of its Subsidiaries to obtain, maintain and preserve, and take all necessary action to timely renew, all permits, licenses, authorizations, approvals, entitlements and accreditations, in each case, which are necessary or useful in the proper conduct of its business, except where the failure to obtain, maintain and preserve could not reasonably be expected to result in a Material Adverse Effect.

(j) Environmental. (i) Keep any property either owned or operated by it or any of its Subsidiaries free of any Environmental Liens; (ii) comply in all material respects, and cause each of its Subsidiaries to comply in all material respects, with all Environmental Laws and provide to the Collateral Agent any documentation of such compliance which the Collateral Agent may reasonably request; (iii) provide the Agents written notice within five (5) days of any Release of a Hazardous Material in excess of any reportable quantity from or onto property at any time owned or operated by it or any of its Subsidiaries and take any Remedial Actions required by Environmental Laws to abate said Release; and (iv) provide the Agents with written notice within ten (10) days of the receipt of any of the following: (A) notice that an Environmental Lien has been filed against any property of any Loan Party or any of its Subsidiaries; (B) commencement of any Environmental Action or notice that an Environmental Action will be filed against any Loan Party or any of its Subsidiaries; and (C) notice of a violation, citation or other administrative order, in each case which could reasonably be expected to have a Material Adverse Effect.

(k) Further Assurances. Take such action and execute, acknowledge and deliver, and cause each of its Subsidiaries to take such action and execute, acknowledge and deliver, at its sole cost and expense, such agreements, instruments or other documents as any Agent may reasonably require from time to time in order (i) to carry out more effectively the purposes of this Agreement and the other Loan Documents, to the extent contemplated by the other Loan Documents, (ii) to subject to valid and perfected first priority Liens (subject to Permitted Liens) on any of the Collateral or any other property of any Loan Party and its domestic Subsidiaries, (iii) to establish and maintain the validity and effectiveness of any of the Loan Documents and the validity, perfection and priority of the Liens intended to be created thereby, and (iv) to better assure, convey, grant, collaterally assign, transfer and confirm unto each Agent, and each Lender the rights, in each case, now or hereafter intended to be granted to it under this Agreement or any other Loan Document. In furtherance of the foregoing, to the maximum extent permitted by applicable law, each Loan Party (i) authorizes each Agent, upon the occurrence and during the continuance of an Event of Default, to execute any such agreements, instruments or other documents in such Loan Party's name and to file such agreements, instruments or other documents in any appropriate filing office, (ii) authorizes each Agent to file any financing statement required hereunder or under any other Loan Document, and any continuation statement or amendment with respect thereto, in any appropriate filing office without the signature of such Loan Party, and (iii) ratifies the filing of any financing statement, and any continuation statement or amendment with respect thereto, filed without the signature of such Loan Party prior to the date hereof.

(l) Change in Collateral Locations; Collateral Records. (i) Give the Agents not less than ten (10) days' prior written notice of any change in the location of any Collateral (other than (i) Inventory in transit, (ii) assets at any location having a value not exceeding $500,000 in the aggregate, (iii) equipment out for repair or in use by employees in the ordinary course of business consistent with past practice, (iv) Collateral in the possession of the Collateral Agent and (v) Collateral moved to a location set forth on Schedule 6.01(ee) (as amended from time to time by written notice to the Collateral Agent)).

(m) Landlord Waivers. At any time any Collateral with a book value in excess of $500,000 (when aggregated with all other Collateral at the same location) is located on any real property of a Loan Party (whether such real property is now existing or acquired after the Effective Date) which is not owned by a Loan Party, upon the written request of the Collateral Agent, use commercially reasonable efforts to obtain written subordinations or waivers ("Landlord Waivers"), in form and substance reasonably satisfactory to the Collateral Agent, of all present and future Liens to which the owner or lessor of such premises may be entitled to assert against the Collateral.

(n) Subordination. Cause all Indebtedness and other obligations now or hereafter owed by it to any of its Subsidiaries that are not Loan Parties, to be subordinated in right of payment and security to the Indebtedness and other Obligations owing to the Agents and the Lenders pursuant to the Intercompany Subordination Agreement.

(o) After Acquired Real Property. Upon the acquisition by it or any of its Domestic Subsidiaries that is a Loan Party after the date hereof of any Material Real Estate Asset (each such interest being an "After Acquired Property"), as soon as reasonably practicable so notify the Collateral Agent, setting forth with specificity a description of the interest acquired, the location of the real property, and either an appraisal or such Loan Party's good-faith estimate of the current value of such real property after taking into account any liabilities with respect thereto that impact such fair market value. The Collateral Agent shall notify such Loan Party within ten (10) Business Days of receipt of notice from the Administrative Borrower whether it intends to require any of the Real Property Deliverables referred to below. Upon receipt of such notice, the Loan Party that has acquired such After Acquired Property shall furnish to the Collateral Agent as promptly as reasonably practicable the following, each in form and substance reasonably satisfactory to the Collateral Agent: (i) a Mortgage with respect to such real property and related assets located at the After Acquired Property, duly executed by such Loan Party and in recordable form; (ii) evidence of the recording of the Mortgage referred to in clause (i) above in such office or offices as may be necessary or, in the opinion of the Collateral Agent, desirable to create and perfect a valid and enforceable first priority lien on the After Acquired Property purported to be covered thereby (subject to Permitted Liens) or to otherwise protect the rights of the Agents and the Lenders thereunder, (iii) a Title Insurance Policy, (iv) a survey of such real property, certified to the Collateral Agent and to the issuer of the Title Insurance Policy by a licensed professional surveyor reasonably satisfactory to the Collateral Agent, provided that an existing survey shall be acceptable if sufficient for the applicable title insurance company to remove the standard survey exception and issue survey-related endorsements, (v) if requested, Phase I Environmental Site Assessments with respect to such real property, certified to the Collateral Agent by a company reasonably satisfactory to the Collateral Agent, and (vi) such other documents reasonable and customary or instruments (including guarantees and

enforceability opinions of counsel) as the Collateral Agent may reasonably require (clauses (i)- (vi), collectively, the "Real Property Deliverables"). The Borrowers shall pay all reasonable and documented out-of-pocket fees and expenses, including reasonable and documented out-of- pocket fees and expenses of one outside counsel and one local counsel in each relevant jurisdiction, and all title insurance charges and premiums, in connection with each Loan Party's obligations under this Section 7.01(o).

(p) Fiscal Year. Cause the Fiscal Year of the Parent and its Subsidiaries to end on December 31st of each calendar year unless the Agents consent to a change in such Fiscal Year (and appropriate related changes to this Agreement).

(q) Franchise Matters. (i) Comply in all material respects with all of its material obligations under the Franchise Agreements to which it is a party; (ii) appear in and defend any action challenging the validity or enforceability of any Franchise Agreement, except for such actions which, individually or in the aggregate, have not had and could not reasonably be expected to result in a Material Adverse Effect; (iii) give prompt notice to the Collateral Agent of (A) any written notice of default given by such Loan Party under any Franchise Agreement with respect to any Franchisee-operated Franchised Locations that generates more than $350,000 in revenues for the Loan Parties in the last Fiscal Year of the Loan Parties, (B) any written notice by a Franchisee with respect to any Franchisee-operated Franchised Locations that generates more than $350,000 in revenues for the Loan Parties in the last Fiscal Year of the Loan Parties that terminates or threatens to terminate such Franchise Agreement or withhold any payments under such Franchise Agreement, together with a copy or statement of any information submitted or referenced in support of such notices and any reply by the Loan Party or its Subsidiary, and (C) any notice or other communication received by it in which any other party to any Franchise Agreement declares a breach or default by a Loan Party or Subsidiary of any material term under such Franchise Agreement; (iv) provide Franchisees and prospective Franchisees with a Franchise Disclosure Document or other disclosure statement of similar import as required by 16 C.F.R. 436, and (v) promptly upon any material amendment, revision or modification (except for any new, modified, terminated or expired Franchise Agreement in the ordinary course of business) to the information on Schedule 6.01(q), deliver an updated Schedule 6.01(q) to the Collateral Agent.

(r) [Intentionally Omitted].

(s) Post-Closing Obligations. As promptly as practicable, and in any event within the number of days after the Effective Date specified on Schedule 7.01(s) (or, upon the reasonable discretion of the Collateral Agent, at such other date specified by the Collateral Agent), the Loan Parties will deliver all documents and take all actions set forth on Schedule 7.01(s).

Section 7.02 Negative Covenants. So long as any principal of or interest on any Loan, or any other Obligation (whether or not due, but excluding unasserted contingent indemnification Obligations) shall remain unpaid or any Lender shall have any Commitment hereunder, each Loan Party shall not, unless the Required Lenders shall otherwise consent in writing:

(a) Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien upon or with respect to any of its properties, whether now owned or hereafter acquired; file or suffer to exist under the Uniform Commercial Code or any Requirement of Law of any jurisdiction, a financing statement (or the equivalent thereof) that names it or any of its Subsidiaries as debtor (other than an unauthorized financing statement (or the equivalent thereof) that names it or any of its Immaterial Subsidiaries as debtor so long as such unauthorized financing statement is promptly terminated after the Loan Parties obtain knowledge thereof); sign or suffer to exist any security agreement authorizing any secured party thereunder to file such financing statement (or the equivalent thereof) while the Obligations remain outstanding, other than, as to all of the above, Permitted Liens.

(b) Indebtedness. Create, incur, assume, guarantee or suffer to exist, or otherwise become or remain liable with respect to, or permit any of its Subsidiaries to create, incur, assume, guarantee or suffer to exist or otherwise become or remain liable with respect to, any Indebtedness other than Permitted Indebtedness.

(c) Fundamental Changes; Dispositions. Wind-up, liquidate or dissolve, or merge, consolidate or amalgamate with any Person, including by means of a "plan of division" under the Delaware Limited Liability Company Act (the "Act") or any comparable transaction under any similar law, or convey, sell, lease or sublease, transfer or otherwise dispose of, whether in one transaction or a series of related transactions, all or any part of its business, property or assets, whether now owned or hereafter acquired, or permit any of its Subsidiaries (other than Immaterial Subsidiaries) to do any of the foregoing; provided, however, that

(i) (w) any wholly-owned Subsidiary of any Loan Party and any Loan Party (other than the Parent) may be merged, consolidated, amalgamated or liquidated into such Loan Party (other than the Parent) or another wholly-owned Subsidiary of such Loan Party, or may consolidate or amalgamate with another wholly-owned Subsidiary of such Loan Party, so long as (A) no other provision of this Agreement would be violated thereby, (B) such Loan Party gives the Agents at least 10 Business Days' prior written notice of such merger, amalgamation, liquidation or consolidation, (C) no Event of Default shall have occurred and be continuing either before or after giving effect to such transaction, (D) the Lenders' rights in any Collateral, including, without limitation, the existence, perfection and priority of any Lien thereon, are not adversely affected by such merger, amalgamation, liquidation or consolidation in any material respect, and (E) in the case of any merger or consolidation involving a Loan Party, the surviving Subsidiary, if any, is joined as a Loan Party hereunder (to the extent not already a Loan Party) pursuant to a Joinder Agreement and is a party to a Security Agreement and the Equity Interests of such Subsidiary is the subject of a Security Agreement, in each case, which is in full force and effect on the date of and immediately after giving effect to such merger, amalgamation, liquidation or consolidation; (x) any Immaterial Subsidiary may be dissolved or merged with and into a Loan Party so long as upon the dissolution of such Immaterial Subsidiary, the Loan Parties shall provide the Administrative Agent a certificate of an Authorized Officer of the Administrative Borrower attaching all documentation authorizing and evidencing the dissolution or merger of such Immaterial Subsidiary; (y) any Subsidiary that is not a Loan Party may merge or consolidate with another Subsidiary that is not a Loan Party or, if the surviving entity is or becomes a Loan Party, with a Subsidiary that is a Loan Party; and (z) a merger, dissolution, liquidation or consolidation, the purpose of which is to effect a Disposition permitted pursuant to Section 7.02(e);

(ii) any Loan Party and its Subsidiaries may (A) sell, assign or transfer Inventory in the ordinary course of business, and (B) make Permitted Dispositions, provided that the Net Cash Proceeds of such Permitted Dispositions, in all cases, are applied pursuant to the terms of Section 2.05(c)(v), if applicable; provided further, that each of the Administrative Agent and the Collateral Agent agrees that (x) a Loan Party's liability (whether as a Borrower, Guarantor or "Grantor" under the Security Agreement) in respect of the Obligations shall be automatically terminated in the event (and upon the consummation of) the sale or other disposition of such Loan Party as permitted hereunder and (y) it shall take such actions as are reasonably requested by the Administrative Borrower and at the Administrative Borrower's expense to terminate the Liens and security interests created under the Loan Documents with respect to such Loan Party;

(iii) any Loan Party and its Subsidiaries may consummate a Permitted Acquisition; and

(iv) any Loan Party and any Subsidiary of any Loan Party may consummate a transaction permitted by Section 7.02(e).

(d) Change in Nature of Business. Make, or permit any of its Subsidiaries to make, any change in the nature of its business as described in Section 6.01(l).

(e) Loans, Advances, Investments, Etc. Make or commit or agree to make any loan, advance, guarantee of obligations, other extension of credit or capital contributions to, or hold or invest in or commit or agree to hold or invest in, or purchase or otherwise acquire or commit or agree to purchase or otherwise acquire any shares of the Equity Interests, bonds, notes, debentures or other securities of, or make or commit or agree to make any other investment in, any other Person or purchase all or substantially all of the assets of any other Person (each an "Investment"), or permit any of its Subsidiaries to do any of the foregoing, except for:

(i) Investments existing on the date hereof, as set forth on Schedule 7.02(e) hereto, but not any increase in the amount thereof as set forth in such Schedule or any other modification of the terms thereof that are materially adverse to the interests of the Lenders,

(ii) (A) loans and advances by a Loan Party or non-Loan Party Subsidiary to a Loan Party, provided that such loans and advances by a non-Loan Party to a Loan Party shall be subordinated in right of payment to the Obligations and shall be subject to the Intercompany Subordination Agreement and (B) loans and advances by a non-Loan Party Subsidiary to any other non-Loan Party Subsidiary,

(iii) Investments made by a Loan Party after the Effective Date in or to non-Loan Party Subsidiaries in an aggregate amount not to exceed $250,000 at any time outstanding; provided that (A) such Investments made after the Effective Date under this clause (iii) shall not be made unless (1) no Event of Default has occurred and is continuing or would

result from such Investments and (2) Availability plus Qualified Cash is greater than $5,000,000 immediately before and after giving effect to such Investments and (B) the owner of the Equity Interests of such non-Loan Party Subsidiary complies with the requirements of Sections 7.01(b)(ii) with respect to the pledge of the Equity Interests of such non-Loan Party Subsidiary,

(iv) advances to officers, directors and other employees of the Loan Parties in an aggregate outstanding amount at any one time not in excess of $250,000,

(v) extensions of trade credit in the ordinary course of business,

(vi) Investments in cash and Cash Equivalents (including deposits and other accounts in which such cash and Cash Equivalents are maintained),

(vii) Permitted Acquisitions and intercompany Investments among and between the Loan Parties and Subsidiaries of any Loan Party that directly result in a Permitted Acquisition,

(viii) Permitted Investments,

(ix) Investments consisting of Permitted Indebtedness;

(x) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business to the extent permitted by Section 7.02(o), and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors in the ordinary course of business,

(xi) Investments arising directly out of the receipt by the Loan Parties of non-cash consideration for any sale of assets permitted under Section 7.02(c); provided, that such non-cash consideration shall in no event exceed 25% of the total consideration received for such sale,

(xii) Investments in the ordinary course of business consisting of indorsements for collection or deposit and customary trade arrangements with customers consistent with past practices,

(xiii) advances made in connection with purchases of goods or services in the ordinary course of business,

(xiv) Indebtedness constituting an Investment to the extent permitted under Section 7.02(b),

(xv) capitalization or forgiveness of any debt owed by a Loan Party to another Loan Party,

(xvi) holding of Investments to the extent such Investments reflect an increase in the value of the Investments,

(xvii) Investments consisting of earnest money required in connection with a Permitted Acquisition or other Investment,

(xviii) Investments held by a Person that becomes a Loan Party or a Subsidiary of a Loan Party (or is merged, amalgamated or consolidated with or into a Loan Party or a Subsidiary of a Loan Party) after the Effective Date to the extent that such Investments (1) existed prior to such Person becoming a Loan Party or a Subsidiary of a Loan Party and (2) were not made in contemplation of or in connection with such acquisition, merger, amalgamation or consolidation,

(xix) Investments funded with proceeds of Equity Interests (other than, in the case of Parent, Disqualified Equity Interests) or capital contributions to, or paid for with equity of, Parent (other than capital contributions funded with the proceeds of Indebtedness incurred by any Loan Party or a Subsidiary of a Loan Party), and

(xx) Investments consisting of acquired franchisee locations; provided (i) such locations are resold within 12 months of purchase, (ii) the aggregate amount of such Investments shall not exceed $3,000,000 at any time outstanding, (iii) on a pro forma basis, after giving effect to the consummation of the proposed acquisition, the Loan Parties shall be in pro forma compliance with the covenants set forth in Section 7.03 hereof and (iv) no Event of Default shall exist either before or after giving effect to such Investment);

(xxi) Investments consisting of the purchase of minority Equity Interests in Subsidiaries; so long as (A) the aggregate amount of such Investments so purchased shall not exceed (1) $3,500,000 at any time prior to an initial public offering of the Parent (or any parent company of the Parent) and (2) $5,000,000 at any time after such initial public offering, (B) on a pro forma basis, after giving effect to any such Investment, (1) no Event of Default has occurred and is continuing or would result from such Investment, and (2) Availability plus Qualified Cash (excluding any amounts in funding market accounts) shall be greater than $12,000,000 and (C) Consolidated EBITDA for the most recent trailing four fiscal quarter period for which financial statements and a Compliance Certificate have been delivered pursuant to Section 7.01(a)(i) and (iv) shall be greater than $60,000,000; and

(xxii) other Investments in an aggregate outstanding amount at any one time not exceeding $750,000 in any Fiscal Year.

(f) [Intentionally Omitted].

(g) [Intentionally Omitted].

(h) Restricted Payments. (i) Declare or pay any dividend or other distribution, direct or indirect, on account of any Equity Interests of any Loan Party or any of its Subsidiaries, now or hereafter outstanding, together with any payment or distribution pursuant to a "plan of division" under the Act or any comparable transaction under any similar law, (ii) make any repurchase, redemption, retirement, defeasance, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Equity Interests of any Loan Party or any direct or indirect parent of any Loan Party, now or hereafter outstanding, (iii) make any payment to retire, or to obtain the surrender of, any outstanding warrants, options or other rights for the

purchase or acquisition of shares of any class of Equity Interests of any Loan Party, now or hereafter outstanding, (iv) return any Equity Interests to any shareholders or other equity holders of any Loan Party or any of its Subsidiaries, or make any other distribution of property, assets, shares of Equity Interests, warrants, rights, options, obligations or securities thereto as such or (v) pay any management fees or any other fees or expenses (including the reimbursement thereof by any Loan Party or any of its Subsidiaries) pursuant to any management, consulting or other services agreement (in each case excluding compensation, including bonuses, indemnities and expense reimbursement under customary employment arrangements) to any of the shareholders or other equityholders of any Loan Party or any of its Subsidiaries or other Affiliates, or to any other Subsidiaries or Affiliates of any Loan Party (clauses (i) through (v), a "Restricted Payment"); provided, however,

(A) (1) To the extent each of Parent and Borrower is treated as a partnership or disregarded entity for United States federal income tax purposes, each Loan Party may make distributions to Parent to permit Parent to promptly make distributions to its equity holders, in each case, at least quarterly, in an aggregate amount not to exceed the product of (A) the estimated or actual taxable income (if any) of Parent, as determined for federal income tax purposes, computed without regards to any basis adjustment pursuant to Section 734, 743 or 754 of the Internal Revenue Code and any applicable comparable provision of state, local and foreign income tax law and (B) the sum of the maximum federal, state and local income tax rates applicable to any direct or indirect equity owner of Parent, reflecting any reduced rate applicable to any special class of income that is in effect for such taxable period and (2) for any taxable period (or portion thereof) for which Parent or Borrower or any of their Subsidiaries are members of a consolidated, combined, unitary or similar income tax group for U.S. federal or applicable foreign, state or local income tax purposes of which an entity other than Borrower or any of its Subsidiaries is the common parent (a "Tax Group"), Borrower may make distributions to Parent, for Parent to pay, or to permit Parent to promptly make distributions up the chain of ownership to such common parent to pay, the portion of any U.S. federal, foreign, state or local income taxes (as applicable) of such Tax Group for such taxable period that are attributable to the net taxable income of the Borrower and/or its Subsidiaries, provided that, solely for purposes of this clause (2), for each taxable period, the amount of such payments made in respect of such taxable period in the aggregate will not exceed the amount that the Borrower and the applicable Subsidiary or Subsidiaries, as applicable, would have been required to pay in respect of such net taxable income as stand-alone taxpayers or a stand-alone Tax Group (each of the distributions described in clauses (1) and (2), "Tax Distributions"); provided that (x) any Tax Distribution made with respect to estimated income taxes shall be made no earlier than 10 days prior to the due date of such estimated income taxes (assuming that the recipient of such Tax Distribution is a corporation); (y) any Tax Distribution made with respect to a final income tax return to be filed with respect to any year shall be made no earlier than 10 days prior to the due date of such income tax return (assuming the recipient of such Tax Distribution is a corporation); and (z) to the extent that the aggregate Tax Distributions made by the Parent with respect to any calendar year or portion thereof in accordance with the preceding clauses (x) and (y) exceed the income tax liability of the Parent determined in accordance with the foregoing provisions of this definition (including as a result of the estimates of the Parent's net taxable income during such year exceeding the Parent's actual net taxable income for such year), then any such excess shall be carried forward and reduce Tax Distributions made for later years;

(B) the Subsidiaries of the Parent may pay dividends or make distributions to the Administrative Borrower or the Parent in amounts necessary to enable the Administrative Borrower or the Parent to pay (i) customary expenses arising in the ordinary course of the Administrative Borrower's or the Parent's business solely as a result of its ownership and operation of the other Loan Parties and their respective Subsidiaries, (ii) ordinary course corporate operating expenses (including salaries and related reasonable and customary expenses incurred by or allocated to employees of the Administrative Borrower or the Parent) and other fees and expenses required to maintain its corporate existence, (iii) reasonable fees and out-of-pocket expenses related to its compliance with or actions which are expressly permitted under the terms of this Agreement and the other Loan Documents and (iv) reasonable fees and expenses incurred in connection with any debt or equity offering by Parent to the extent the proceeds thereof are (or, in the case of an unsuccessful offering, were intended to be) used for the benefit of the Loan Parties, whether or not completed; provided that the aggregate amount of such dividends and distributions in any Fiscal Year to the Parent under subparts (i)-(iv) of this clause (B) shall not exceed $500,000;

(C) reasonable and customary indemnities provided to, and reasonable and customary fees paid to, members of the board of directors of Parent;

(D) the Subsidiaries of Parent may make dividends and distributions to Parent solely to enable Parent to pay, and Parent may pay (1) Permitted Management Fees and (2) reasonable out-of-pocket expense reimbursements and indemnities to the Sponsor and other Permitted Holders incurred in connection with management of Parent and its Subsidiaries in an aggregate amount not exceeding $250,000 in any Fiscal Year;

(E) Parent and its Subsidiaries may make dividends and distributions to the extent permitted by Section 7.02(l) or 7.02(j)(ix).

(F) so long as no Event of Default has occurred and is continuing or would result therefrom and so long as Availability plus Qualified Cash (both before and immediately after giving effect to such repurchase or redemption) is not less than $5,000,000, the Loan Parties and their Subsidiaries may repurchase, redeem, retire or otherwise acquire for value Equity Interests (including any stock appreciation rights in respect thereof) of the Loan Parties from current or former employees, directors or officers, provided that the aggregate cash payments in respect of such repurchases, redemptions, retirements and acquisitions shall not exceed the sum of (i) $500,000 after the Effective Date and (ii) any proceeds received by a Loan Party during such Fiscal Year from the sale or issuance of Equity Interests of Parent to directors, officers or employees of a Loan Party or a Subsidiary of a Loan Party in connection with permitted employee compensation and incentive arrangements;

(G) [Intentionally Omitted];

(H) each Loan Party and each Subsidiary of a Loan Party may make non-cash repurchases of Equity Interests deemed to occur upon exercise of stock options or similar equity incentive awards if such Equity Interest represents a portion of the exercise price of such options or similar equity incentive awards; and

(I) (i) after an initial public offering and so long as no Event of Default has occurred and is continuing or would result therefrom (1) any Restricted Payment the proceeds of which will be used to pay listing fees and other costs and expenses attributable to being a publicly traded company which are reasonable and customary, including Public Company Costs and (2) Restricted Payments not to exceed up to 6.00% per annum of the Net Cash Proceeds received by (or contributed to) Parent and its Subsidiaries from such public offering and (ii) after any public equity issuance following the occurrence of an initial public offering, 100% of the Net Cash Proceeds of such public equity issuance.

(i) Federal Reserve Regulations. Permit any Loan or the proceeds of any Loan under this Agreement to be used for any purpose that would cause such Loan to be a margin loan under and in a manner that violates the provisions of Regulation T, U or X of the Board.

(j) Transactions with Affiliates. Enter into, renew, extend or be a party to, or permit any of its Subsidiaries to enter into, renew, extend or be a party to, any transaction or series of related transactions (including, without limitation, the purchase, sale, lease, transfer or exchange of property or assets of any kind or the rendering of services of any kind) with any Affiliate, except (i) as necessary or desirable for the prudent operation of its business and on terms no less favorable to it or its Subsidiaries than would be obtainable in a comparable arm's length transaction with a Person that is not an Affiliate thereof, (ii) transactions (x) with another Loan Party and (y) between Subsidiaries that are not Loan Parties, (iii) transactions expressly permitted under this Agreement, (iv) sales of Equity Interests of the Parent to Affiliates of the Parent not otherwise prohibited by the Loan Documents and the granting of registration and other customary rights in connection therewith, (v) the payment of fees and expenses in connection with the consummation of the Transaction, (vi) entering into employment and severance arrangements between Parent, any other Loan Party and their Subsidiaries and their respective officers and employees, (vii) other transactions set forth on Schedule 7.02(j), (viii) the payment of customary fees and reimbursement of reasonable out-of- pocket costs of, and customary indemnities provided to or on behalf of, directors, officers and employees of Parent, the other Loan Parties and their Subsidiaries in the ordinary course of business or to their Affiliates and (ix) payments by the Borrower and Parent to fund payments to satisfy obligations of Xponential Fitness, Inc. under the Tax Receivable Agreement, including pursuant to any early termination thereof.

(k) Limitations on Dividends and Other Payment Restrictions Affecting Subsidiaries. Create or otherwise cause, incur, assume, suffer or permit to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Subsidiary of any Loan Party (i) to pay dividends or to make any other distribution on any shares of Equity Interests of such Subsidiary owned by any Loan Party or any of its Subsidiaries, (ii) to pay or prepay or to subordinate any Indebtedness owed to any Loan Party or any of its Subsidiaries, (iii) to make loans or advances to any Loan Party or any of its Subsidiaries or (iv) to transfer any of its property or assets to any Loan Party or any of its Subsidiaries, or permit any of its Subsidiaries to do any of the foregoing; provided, however, that nothing in any of clauses (i) through (iv) of this Section 7.02(k) shall prohibit or restrict compliance with:

(A) this Agreement, the other Loan Documents, and any other agreement or document evidencing Subordinated Indebtedness;

(B) any agreements in effect on the date of this Agreement and described on Schedule 7.02(k);

(C) any applicable law, rule or regulation (including, without limitation, applicable currency control laws and applicable state corporate statutes restricting the payment of dividends in certain circumstances);

(D) in the case of clause (iv), any agreement setting forth customary restrictions on the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract of similar property or assets;

(E) in the case of clause (iv) any agreement, instrument or other document evidencing a Permitted Lien (or the Indebtedness secured thereby) restricting on customary terms the transfer of any property or assets subject thereto;

(F) in the case of clause (iv), restrictions contained in an agreement related to the sale of such property that limits the transfer of such property pending the consummation of such sale; or

(G) in the case of clause (iv), restrictions with respect to a Subsidiary of Parent imposed pursuant to an agreement that has been entered into in connection with the disposition of all or substantially all of (x) the Equity Interests of such Subsidiary or (y) the assets of such Subsidiary.

(l) Limitation on Issuance of Equity Interests. Except as otherwise permitted by this Agreement (including under clause (j) of the definition of Permitted Dispositions), issue or sell or enter into any agreement or arrangement for the issuance and sale of, or permit any of its Subsidiaries to issue or sell or enter into any agreement or arrangement for the issuance and sale of, any shares of its Equity Interests, any securities convertible into or exchangeable for its Equity Interests or any warrants; provided that (x) the Parent or any other Loan Party may issue Equity Interests or Qualified Equity Interests to any Permitted Holder, any other Loan Party, any officer or director of a Loan Party or, solely with respect to the Parent, to any other Person so long as (i) no Change of Control would result therefrom and (ii) the requirements of Section 2.05(c)(vi) are satisfied and (y) Subsidiaries of Parent may issue additional Equity Interests to other Subsidiaries or Loan Parties, so long as the requirements of Section 4 of the Security Agreement and/or Section 7.01(b), if applicable, with respect to the pledge and delivery of such Equity Interests to the Collateral Agent are satisfied.

(m) Modifications and Prepayments of Subordinated Indebtedness, Amendments to Governing Documents; Certain other Changes.

(i) Amend, modify or otherwise change (or permit the amendment, modification or other change in any manner of) any of the provisions of any of its or its Subsidiaries' Subordinated Indebtedness or of any instrument or agreement (including, without limitation, any purchase agreement, indenture, loan agreement or security agreement)

relating to any such Subordinated Indebtedness if such amendment, modification or change would shorten the final maturity or average life to maturity of, or require any payment to be made earlier than the date originally scheduled on, such Subordinated Indebtedness, would increase the interest rate applicable to such Subordinated Indebtedness, would change the subordination provision, if any, of such Subordinated Indebtedness, or would otherwise be materially adverse to the Lenders in any respect,

(ii) except for (x) the Obligations or (y) any Indebtedness owing by a Subsidiary of a Loan Party to a Loan Party or to another Subsidiary of a Loan Party if the obligor is not a Loan Party, make any voluntary or optional payment (including, without limitation, any payment of interest in cash that, at the option of the issuer, may be paid in cash or in kind), prepayment, redemption, defeasance, sinking fund payment or other acquisition for value of any of its or its Subsidiaries' Subordinated Indebtedness (including, without limitation, by way of depositing money or securities with the trustee therefor before the date required for the purpose of paying any portion of such Subordinated Indebtedness when due), or refund, refinance, replace or exchange any other Indebtedness for any such Subordinated Indebtedness (except to the extent such Indebtedness is otherwise expressly permitted by the definition of "Permitted Indebtedness" or such transaction is a Permitted Refinancing), make any payment, prepayment, redemption, defeasance, sinking fund payment or repurchase of any Subordinated Indebtedness in violation of the subordination provisions thereof or any subordination agreement with respect thereto, or make any payment, prepayment, redemption, defeasance, sinking fund payment or repurchase of any Subordinated Indebtedness as a result of any asset sale, change of control, issuance and sale of debt or equity securities or similar event in violation of the subordination provisions thereof or any subordination agreement with respect thereto;

(iii) other than with respect to Immaterial Subsidiaries, amend, modify or otherwise change its name, jurisdiction of formation or organization, as applicable, organizational identification number or FEIN, except that a Loan Party or a Subsidiary of a Loan Party may (A) change its name, jurisdiction of formation or organization, as applicable, organizational identification number or FEIN in connection with a transaction permitted by Section 7.02(c) and (B) change its name, jurisdiction of formation or organization, as applicable, organizational identification number or FEIN upon at least ten (10) days' (or such shorter period agreed to by the Collateral Agent) prior written notice by the Administrative Borrower to the Collateral Agent of such change and so long as, at the time of such written notification, such Person provides all information reasonably required in connection with financing statements or fixture filings necessary to perfect and continue perfected the Collateral Agent's Liens; or

(iv) other than with respect to Immaterial Subsidiaries, amend, modify or otherwise change any of its Governing Documents, including, without limitation, by the filing or modification of any certificate of designation, or any agreement or arrangement entered into by it, with respect to any of its Equity Interests (including any shareholders' agreement), or enter into any new agreement with respect to any of its Equity Interests, except any such amendments, modifications or changes or any such new agreements or arrangements (excluding any amendments permitting a "plan of division" under the Act or any comparable transaction under any similar law) pursuant to this clause (iv) that could not reasonably be expected to have a Material Adverse Effect.

(n) Investment Company Act of 1940. Engage in any business, enter into any transaction, use any securities or take any other action or permit any of its Subsidiaries to do any of the foregoing, that would cause it or any of its Subsidiaries to be required to register under the Investment Company Act of 1940, as amended, by virtue of being an "investment company" not entitled to an exemption within the meaning of such Act.

(o) Franchise Agreements. (i) Enter into additional Franchise Agreements after the date hereof unless such Franchise Agreements are entered into in the ordinary course of such Loan Party's business (which shall include, for the avoidance of doubt, new lines of business substantially similar or related to the Loan Parties' existing lines of business); (ii) waive or release any Franchisee from the observance or performance of any material monetary obligation which exceeds, in the aggregate, $250,000 per fiscal quarter to be performed under the terms of the Franchise Agreement to which such Franchisee is a party, or any liability on account of any material representation or warranty given thereunder which may reasonably be expected to result in a Material Adverse Effect, without the prior written consent of the Collateral Agent; (iii) amend, supplement or terminate any Franchise Agreement, without the prior written consent of the Collateral Agent, except, in the case of subsections (ii) and (iii), for such waivers, releases, or amendments, supplements or terminations (as applicable) which, individually or in the aggregate, have not had and could not reasonably be expected to result in a Material Adverse Effect; or (iv) terminate and permanently close more than twenty five (25) Franchised Locations during any Fiscal Year or fifty (50) Franchised Locations in the aggregate after the Effective Date. For the avoidance of doubt, a Franchised Location will not be deemed "permanently closed" for purposes of the preceding clause (iv) if such Franchised Location is re- opened for business by either a Loan Party or a Franchisee within thirty (30) days after the date on which it was closed.

(p) Properties. Permit any material portion of any property to become a fixture with respect to real property for which a Loan Party is a lessee under the applicable lease agreement or to become an accession with respect to other personal property with respect to which real or personal property the Collateral Agent does not have a valid and perfected first priority Lien (subject to Permitted Liens) or has not used commercially reasonable efforts to obtain a written subordination or waiver in accordance with Section 7.01(m).

(q) ERISA. Except where any failure to comply could not reasonably be expected to result in a Material Adverse Effect: (i) Engage, or permit any Subsidiary to engage, in any transaction described in Section 4069 of ERISA; (ii) engage in any prohibited transaction described in Section 406 of ERISA or Section 4975 of the Internal Revenue Code for which a statutory or class exemption is not available or a private exemption has not previously been obtained from the U.S. Department of Labor; (iii) adopt any employee welfare benefit plan within the meaning of Section 3(1) of ERISA that provides health or welfare benefits to employees after termination of employment other than as required by Section 601 of ERISA or applicable law or as could not reasonably be expected to give rise to any material liability for any Loan Party; (iv) fail to make any contribution or payment to any Multiemployer Plan that it may be required to make under any agreement relating to such Multiemployer Plan, or any law pertaining thereto; or (v) fail, or permit any ERISA Affiliate to fail, to pay any required installment or any other payment required under Section 412 of the Internal Revenue Code on or before the due date for such installment or other payment.

(r) Environmental. Permit the use, handling, generation, storage, treatment, Release or disposal of Hazardous Materials at any property owned or leased by it or any of its Subsidiaries, except in compliance in all material respects with Environmental Laws.

(s) [Intentionally Omitted].

(t) Parent as Holding Company. Permit the Parent to incur any Indebtedness for borrowed money (other than Indebtedness arising under the Loan Documents), own or acquire any assets (other than the Equity Interests of other Loan Parties and Subsidiaries or any assets incidental thereto and other assets with de minimis fair market value) or engage itself in any operations or business (other than actions required for compliance with, or are expressly permitted under, the Loan Documents, activities in connection with or in preparation for an initial public offering, entry into and performance of the Tax Receivable Agreement, including pursuant to any early termination thereof and other activities incidental to being a holding company).

(u) Amendments to Material Contracts. Agree to any material amendment or other material change to or material waiver of any of its rights under any Material Contract in any manner that, taken as whole, would be materially adverse to the interests of any Loan Party or the Lenders.

(v) Limitations on Negative Pledges. Enter into, incur or permit to exist, or permit any Subsidiary to enter into, incur or permit to exist, directly or indirectly, any agreement, instrument, deed, lease or other arrangement that prohibits, restricts or imposes any condition upon the ability of any Loan Party or any Subsidiary of any Loan Party to create, incur or permit to exist any Lien (other than Permitted Liens) in favor of the Agents or the Lenders upon any of its property or revenues, whether now owned or hereafter acquired, except the following: (i) this Agreement, the other Loan Documents, and any other agreement or document evidencing Subordinated Indebtedness, (ii) restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by Section 7.02(b) of this Agreement or that expressly permits Liens for the benefit of the Lenders and the Agents with respect to the Loans and the Obligations under the Loan Documents on a senior basis without the requirement that such holders of such Indebtedness be secured by such Liens on an equal and ratable basis, (iii) arise pursuant to applicable Requirements of Law, or arise in connection with any Disposition permitted by Section 7.02(c) and is applicable solely to the property subject to such Disposition, (iv) customary restrictions in leases, subleases, licenses or asset sale agreements otherwise permitted hereby so long as such restrictions only relate to the assets subject thereto, and (v) customary provisions restricting assignment or transfer contained in any permit or license, issued by a Government Authority.

(w) Anti-Money Laundering and Anti-Terrorism Laws.

(i) None of the Covered Entities or agents, shall:

(A) conduct any business or engage in any transaction or dealing with or for the benefit of any Sanctioned Person, including the making or receiving of any contribution of funds, goods or services to, from or for the benefit of any Sanctioned Person in violation of any of the Anti-Money Laundering and Anti-Terrorism Laws;

(B) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked or subject to blocking pursuant to the OFAC Sanctions Programs in violation of any of the Anti-Money Laundering and Anti- Terrorism Laws;

(C) use any of the proceeds of the transactions contemplated by this Agreement to finance, promote or otherwise support in any manner (i) any Sanctioned Person or (ii) any illegal activity, including, without limitation, any violation of the Anti-Money Laundering and Anti-Terrorism Laws or any specified unlawful activity as that term is defined in the Money Laundering Control Act of 1986, 18 U.S.C. §§ 1956 and 1957; or

(D) violate, attempt to violate, or engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, any of the Anti-Money Laundering and Anti-Terrorism Laws.

(ii) None of the Loan Parties, nor any Covered Entity of any of the Loan Parties, nor any officer, director or principal shareholder or owner of any of the Loan Parties, nor any of the Loan Parties' respective agents acting or benefiting in any capacity in connection with the Loans or other transactions hereunder, shall be or shall become a Sanctioned Person.

(x) Anti-Bribery and Anti-Corruption Laws. None of the Loan Parties shall offer, promise, pay, give, or authorize the payment or giving of any money, gift or other thing of value, directly or indirectly, to or for the benefit of any Foreign Official for the purpose of: (1) influencing any act or decision of such Foreign Official in his, her, or its official capacity; or (2) inducing such Foreign Official to do, or omit to do, an act in violation of the lawful duty of such Foreign Official, or (3) securing any improper advantage, in order to obtain or retain business for, or with, or to direct business to, any Person.

(y) Accounting Methods. Significantly modify or change, or permit any of its Subsidiaries to significantly modify or change, its method of accounting or accounting principles from those utilized in the preparation of the Financial Statements (other than as may be required to conform to GAAP).

Section 7.03 Financial Covenant. So long as any principal of or interest on any Loan or any other Obligation (whether or not due, but excluding unasserted contingent indemnification Obligations) shall remain unpaid or any Lender shall have any Commitment hereunder, each Loan Party shall not, unless the Required Lenders shall otherwise consent in writing:

(a) Total Leverage Ratio.

(i) Commencing with the fiscal quarter ending March 31, 2020, at any time prior to the funding of the Delayed Draw Term Loan, permit the Total Leverage Ratio of the Parent and its Subsidiaries (on a consolidated basis) for each period of four

(4) consecutive fiscal quarters of the Parent and its Subsidiaries (on a consolidated basis) for which the last quarter ends on a date set forth below to be greater than the applicable ratio set forth below opposite such date:

Fiscal Quarter End	Total Leverage Ratio
March 31, 2020	3.30:1.00
June 30, 2020	3.45:1.00
September 30, 2020	3.70:1.00
December 31, 2020	3.97:1.00
March 31, 2021	3.73:1.00
June 30, 2021	3.38:1.00
September 30, 2021	3.57:1.00
December 31, 2021	3.06:1.00
March 31, 2022	2.72:1.00
June 30, 2022	2.45:1.00
September 30, 2022 and each fiscal quarter ended thereafter	2.50:1.00

(ii) Commencing with the fiscal quarter in which the funding of the Delayed Draw Term Loan has occurred, permit the Total Leverage Ratio of the Parent and its Subsidiaries (on a consolidated basis) for each period of four (4) consecutive fiscal quarters of the Parent and its Subsidiaries (on a consolidated basis) for which the last quarter ends on a date set forth below to be greater than the applicable ratio set forth below opposite such date:

Fiscal Quarter End	Total Leverage Ratio
March 31, 2020	3.57:1.00
June 30, 2020	3.72:1.00
September 30, 2020	4.00:1.00
December 31, 2020	4.29:1.00
March 31, 2021	4.03:1.00

Fiscal Quarter End	Total Leverage Ratio
June 30, 2021	3.66:1.00
September 30, 2021	3.85:1.00
December 31, 2021	3.30:1.00
March 31, 2022	2.94:1.00
June 30, 2022	2.65:1.00
September 30, 2022 and each fiscal quarter ended thereafter	2.50:1.00

ARTICLE VIII

CASH MANAGEMENT AND OTHER COLLATERAL MATTERS

Section 8.01 Cash Management Arrangements. (a) Subject to clause (d) below, the Loan Parties shall establish and maintain cash management services of a type that is substantially consistent with past practice or on terms reasonably satisfactory to the Agents at one or more of the banks set forth on Schedule 8.01 (each a "Cash Management Bank") solely in connection with the Cash Management Accounts.

(b) Subject to Section 7.01(s), the Loan Parties shall with respect to each Cash Management Account (other than an Excluded Account), deliver to the Collateral Agent a shifting Account Control Agreement with respect to such Cash Management Account. At all times prior to the occurrence of an Event of Default, the Loan Parties shall have full access to the cash on deposit in the Cash Management Accounts, and the Collateral Agent agrees not to deliver a control notice or take any other action to control the Cash Management Accounts unless and until an Event of Default has occurred and is continuing. The Collateral Agent further agrees that if an Event of Default is waived by the Required Lenders, the Collateral Agent shall provide notice to the Cash Management Bank and take all other commercially reasonable actions necessary to revert control of such Cash Management Accounts to the Loan Parties.

(c) Upon the terms and subject to the conditions set forth in an Account Control Agreement with respect to a Cash Management Account, all amounts received in such Cash Management Account shall at the Administrative Agent's direction be wired each Business Day into the Administrative Agent's Account, except that, so long as no Event of Default has occurred and is continuing, the Administrative Agent will not direct the Cash Management Bank to transfer funds in such Cash Management Account to the Administrative Agent's Account.

(d) So long as no Event of Default has occurred and is continuing, the Borrowers may amend Schedule 8.01 to add or replace a Cash Management Bank or Cash Management Account; provided, however, that prior to the date that is sixty (60) days following the date of the opening of such Cash Management Account, each Loan Party and such prospective Cash Management Bank shall have executed and delivered to the Collateral Agent an Account Control Agreement.

ARTICLE IX

EVENTS OF DEFAULT

Section 9.01 Events of Default. If any of the following Events of Default shall occur and be continuing:

(a) any Borrower shall fail to pay (i) any principal of any Loan or any Agent Advance when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), or (ii) any interest on any Loan or any Agent Advance or any fee, indemnity or other amount payable under this Agreement or any other Loan Document when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure to pay any amount described in clause (ii) shall continue for three (3) Business Days;

(b) any representation or warranty made by any Loan Party or by any officer of the foregoing under or in connection with any Loan Document or under or in connection with any report, certificate or other document delivered to any Agent or any Lender pursuant to any Loan Document, which representation or warranty is subject to a materiality or a Material Adverse Effect qualification, shall have been incorrect in any respect when made; or any representation or warranty made by any Loan Party or by any officer of the foregoing under or in connection with any Loan Document or under or in connection with any report, certificate or other document delivered to any Agent or any Lender pursuant to any Loan Document, which representation or warranty is not subject to a materiality or a Material Adverse Effect qualification, shall have been incorrect in any material respect when made;

(c) any Loan Party shall fail to perform or comply with (i) any covenant or agreement contained in subsections(a), (d) (with respect to the Loan Parties) and (f) of Section 7.01, or any covenant or agreement contained in Section 7.02, Section 7.03 (provided, that it is expressly understood and agreed that any breach of Section 7.03 is subject to the provisions of Section 9.02 and the cure right set forth therein) orARTICLE VIII, (ii) any covenant or agreement contained in subsections (b), (h), (l), (n), (p) and (q) of Section 7.01, and such failure, if capable of being remedied, shall remain unremedied for a period of fifteen (15) Business Days after the earlier of the date a senior officer of any Loan Party becomes aware of such failure and the date written notice of such default shall been given by any Agent to such Loan Party;

(d) any Loan Party shall fail to perform or comply with any other term, covenant or agreement contained in any Loan Document to be performed or observed by it and, except as set forth in subsections (a), (b) and (c) of this Section 9.01, such failure, if capable of being remedied, shall remain unremedied for thirty (30) days after the earlier of the date a senior officer of any Loan Party becomes aware of such failure and the date written notice of such default shall have been given by any Agent to such Loan Party;

(e) any Loan Party or any of its Subsidiaries (other than an Immaterial Subsidiary) shall fail to pay any of its Indebtedness (excluding Indebtedness evidenced by this Agreement) having an aggregate principal amount outstanding in excess of $1,500,000 (plus any applicable interest and legal costs and expenses incurred in connection therewith), or any payment of principal, interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace or cure period (it being agreed that the minimum grace period for any non- accelerated Indebtedness shall be ten (10) Business Days), if any, specified in the agreement or instrument relating to such Indebtedness, or any other default under any agreement or instrument relating to any such Indebtedness, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased or an offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case, prior to the stated maturity thereof;

(f) any Loan Party or any of its Subsidiaries (other than an Immaterial Subsidiary) (i) shall institute any proceeding or voluntary case seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, (ii) shall be generally not paying its debts as such debts become due or shall admit in writing its inability to pay its debts generally, (iii) shall make a general assignment for the benefit of creditors, or (iv) shall take any action to authorize or effect any of the actions set forth above in this subsection (f);

(g) any proceeding shall be instituted against any Loan Party or any of its Subsidiaries (other than an Immaterial Subsidiary) seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, and either such proceeding shall remain undismissed or unstayed for a period of sixty (60) days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against any such Person or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property) shall occur;

(h) any material provision of any Loan Document shall at any time for any reason (other than pursuant to the express terms thereof or solely as a result of an action or failure to act on the part of the Agents) cease to be valid and binding on or enforceable against any Loan Party intended to be a party thereto, or the validity or enforceability thereof shall be contested by any Loan Party that is a party thereto, or a proceeding shall be commenced by any

such Loan Party or any Governmental Authority having jurisdiction over any of them, seeking to establish the invalidity or unenforceability thereof, or any Loan Party shall deny in writing that it has any liability or obligation purported to be created under any Loan Document;

(i) any Security Agreement, any Mortgage or any other security document, after delivery thereof pursuant hereto, shall for any reason (other than release by the Collateral Agent pursuant to the terms hereof or thereof or the failure of the Agents to make required filings or take required actions based on accurate information timely provided by the Loan Parties) fail or cease to create a valid and perfected and, except to the extent permitted by the terms hereof or thereof, first priority Lien in favor of the Collateral Agent for the benefit of the Agents and the Lenders on any Collateral with a fair market value of more than $1,500,000 in the aggregate purported to be covered thereby;

(j) [Intentionally Omitted];

(k) one or more judgments, orders or awards (or any settlement of any litigation or other proceeding that, if breached, could without further action by any court result in a judgment, order or award) for the payment of money exceeding $1,500,000 in the aggregate, shall be rendered against any Loan Party or any of its Subsidiaries (other than an Immaterial Subsidiary) and remain unpaid, undischarged or unsatisfied and either (i) enforcement proceedings shall have been commenced by any creditor upon any such judgment, order, award or settlement, (ii) there shall be a period of thirty (30) consecutive days after entry thereof during which a stay of enforcement of any such judgment, order, award or settlement, by reason of a pending appeal or otherwise, shall not be in effect, or (iii) at any time during which a stay of enforcement of any such judgment, order, award or settlement, by reason of a pending appeal or otherwise, is in effect, such judgment, order, award or settlement is not bonded in the full amount of such judgment, order, award or settlement; provided, however, that any such judgment, order, award or settlement shall not give rise to an Event of Default under this subsection (k) if and for so long as (A) the amount of such judgment, order, award or settlement is covered by a valid and binding policy of insurance between the defendant and the insurer covering full payment thereof (other than any deductible) or an amount sufficient to lower the exposure below $1,500,000 and (B) such insurer has been notified, and has not disputed the claim made for payment, of the amount of such judgment, order, award or settlement;

(l) any Loan Party or any of its Subsidiaries (other than an Immaterial Subsidiary) is enjoined, restrained or in any way prevented by the order of any court or any Governmental Authority from conducting all or any material part of its business for more than thirty (30) consecutive days if such injunction, restraint or other prevention could reasonably be expected to result in a Material Adverse Effect;

(m) the loss, suspension or revocation of, or failure to renew, any material license or material permit now held or hereafter acquired by any Loan Party or any of its Subsidiaries (other than an Immaterial Subsidiary), if such loss, suspension, revocation or failure to renew could reasonably be expected to have a Material Adverse Effect;

(n) the indictment, of any Loan Party or any of its Subsidiaries (other than Immaterial Subsidiaries) under any criminal statute, or commencement of criminal or civil

proceedings against any Loan Party or any of its Subsidiaries (other than Immaterial Subsidiaries), pursuant to which statute or proceedings the penalties or remedies sought or available include forfeiture to any Governmental Authority of any material portion of the Collateral of such Person if such criminal or civil proceedings could reasonably be expected to have a Material Adverse Effect;

(o) any Loan Party or any of its ERISA Affiliates shall have made a complete or partial withdrawal from a Multiemployer Plan (as such term is defined in Part I of Subtitle E of Title IV of ERISA), and, as a result of such complete or partial withdrawal, any Loan Party is reasonably expected to be required to pay a withdrawal liability in an annual amount exceeding $2,500,000 in the aggregate; or a Multiemployer Plan enters reorganization status under Section 4241 of ERISA, and, as a result thereof any Loan Party is reasonably expected to be required to pay annual contributions with respect to such Multiemployer Plan in an annual amount exceeding $2,500,000 in the aggregate;

(p) any Termination Event with respect to any Employee Plan shall have occurred, and, thirty (30) days after notice thereof shall have been given to any Loan Party by any Agent, (i) such Termination Event (if correctable) shall not have been corrected, and (ii) the then current value of such Employee Plan's vested benefits exceeds the then current value of assets allocable to such benefits in such Employee Plan by more than $2,500,000 in the aggregate (or, in the case of a Termination Event involving liability under Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 4971 or 4975 of the Internal Revenue Code, the liability is in excess of such amount) and, in the case of clauses (i) or (ii), any Loan Party is reasonably expected to be required to fund or pay such liability; or

(q) a Change of Control shall have occurred;

then, and in any such event and anytime thereafter during the continuance of such event, the Collateral Agent may, and shall at the request of the Required Lenders, by notice to the Administrative Borrower, (i) terminate or reduce all Commitments, whereupon all Commitments shall immediately be so terminated or reduced, (ii) declare all or any portion of the Loans then outstanding to be due and payable, whereupon all or such portion of the aggregate principal of all Loans, all accrued and unpaid interest thereon, all fees and all other amounts payable under this Agreement and the other Loan Documents shall become due and payable immediately, together with the payment of the Applicable Prepayment Premium (if any) with respect to the Commitments so terminated and the Loans so repaid, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by each Loan Party and (iii) exercise any and all of its other rights and remedies under applicable law, hereunder and under the other Loan Documents; provided, however, that upon the occurrence of any Event of Default described in subsection(f) or (g) of this Section 9.01 with respect to any Loan Party, without any notice to any Loan Party or any other Person or any act by any Agent or any Lender, all Commitments shall automatically terminate and all Loans then outstanding, together with all accrued and unpaid interest thereon, all fees and all other amounts due under this Agreement and the other Loan Documents shall become due and payable automatically and immediately, without presentment, demand, protest or notice of any kind, all of which are expressly waived by each Loan Party. The Loan Parties expressly waive the provisions of any present or future statute of or law that prohibits or may prohibit the collection of the foregoing Applicable Prepayment Premium in connection with any acceleration.

Section 9.02 Cure Right. In the event that the Borrowers fail to comply with the requirements of the financial covenant set forth in Section 7.03 (a "Curable Default"), until the expiration of the 10th Business Day after the date on which financial statements are required to be delivered with respect to the applicable fiscal quarter (the "Required Contribution Date"), (i) the Parent shall have the right to issue Permitted Cure Equity for cash or otherwise receive cash contributions to the capital of the Parent, and, in each case, to contribute any such contributions to the capital of the Borrowers or (ii) the Loan Parties and/or their Permitted Holders cause a contribution to be made in the form of Subordinated Indebtedness issued by any Loan Party, and in each case with respect to clauses (i) and (ii), apply the amount of the proceeds thereof to increase Consolidated EBITDA with respect to such applicable quarter (the "Cure Right"); provided that (a) such proceeds are actually received by the Borrowers no later than 10 Business Days after the date on which financial statements are required to be delivered with respect to such fiscal quarter hereunder, (b) such proceeds do not exceed the aggregate amount necessary to cure (by addition to Consolidated EBITDA) such Event of Default under Section 7.03 for such period, (c) the Cure Right shall not be exercised more than two times in any four fiscal quarter period and five times during the term of the Loans, (d) the Cure Right shall not be exercised in consecutive fiscal quarters, (e) such proceeds (1) for any individual Cure Right shall not exceed 20% of Consolidated EBITDA for the most recent trailing four fiscal quarter period for which financial statements and a Compliance Certificate have been delivered pursuant to Section 7.01(a)(i) and (iv) and (2) in the aggregate for all Cure Rights during the term of this Agreement shall not exceed $10,000,000, and (f) such proceeds shall be applied to prepay the Loans in accordance with Section 2.05(c)(ix). Until the Required Contribution Date, neither Agent nor any Lender shall impose the Post-Default Rate, accelerate the Obligations, terminate the Revolving Credit Commitment or exercise any enforcement remedy against the Loan Parties or any of their Subsidiaries or any of their respective properties solely as a result of the existence of the applicable Curable Default. If, after giving effect to the foregoing pro forma adjustment (but not, for the avoidance of doubt, giving pro forma adjustment to any repayment of Indebtedness in connection therewith), the Borrowers are in compliance with the financial covenant set forth in Section 7.03, the Borrowers shall be deemed to have satisfied the requirements of such Section as of the relevant date of determination with the same effect as though there had been no failure to comply on such date, and the applicable breach or default of such Section 7.03 that had occurred shall be deemed cured for purposes of this Agreement. The parties hereby acknowledge that this Section may not be relied on for purposes of calculating any financial ratios other than as applicable to Section 7.03 and shall not result in any adjustment to any amounts other than the amount of the Consolidated EBITDA referred to in the immediately preceding sentence; provided that such adjustment to the amount of the Consolidated EBITDA shall apply to subsequent calculations under Section 7.03 measuring such fiscal quarter with respect to which the Cure Right was exercised.

ARTICLE X

AGENTS

Section 10.01 Appointment. Each Lender (and each subsequent maker of any Loan by its making thereof) hereby irrevocably appoints, authorizes and empowers the Administrative Agent and the Collateral Agent to perform the duties of each such Agent as set forth in this Agreement and the other Loan Documents, together with such actions and powers as are reasonably incidental thereto, including: (i) to receive on behalf of each Lender any payment of principal of or interest on the Loans outstanding hereunder and all other amounts accrued hereunder for the account of the Lenders and paid to such Agent, and, subject to Section 2.02 of this Agreement, to distribute promptly to each Lender its Pro Rata Share of all payments so received; (ii) to distribute to each Lender copies of all material notices and agreements received by such Agent and not required to be delivered to each Lender pursuant to the terms of this Agreement, provided that the Agents shall not have any liability to the Lenders for any Agent's inadvertent failure to distribute any such notices or agreements to the Lenders; (iii) to maintain, in accordance with its customary business practices, ledgers and records reflecting the status of the Obligations, the Loans, and related matters and to maintain, in accordance with its customary business practices, ledgers and records reflecting the status of the Collateral and related matters; (iv) to execute (subject to Section 12.02 of this Agreement) or file any and all financing or similar statements or notices, amendments, renewals, supplements, documents, instruments, proofs of claim, notices and other written agreements with respect to this Agreement or any other Loan Document; (v) to make the Loans and Agent Advances, for such Agent or on behalf of the applicable Lenders as provided in this Agreement or any other Loan Document; (vi) to perform, exercise, and enforce any and all other rights and remedies of the Lenders with respect to the Loan Parties, the Obligations, or otherwise related to any of same to the extent reasonably incidental to the exercise by such Agent of the rights and remedies specifically authorized to be exercised by such Agent by the terms of this Agreement or any other Loan Document; (vii) to incur and pay such fees necessary or appropriate for the performance and fulfillment of its functions and powers pursuant to this Agreement or any other Loan Document; and (viii) subject to Section 10.03 of this Agreement, to take such action as such Agent deems appropriate on its behalf to administer the Loans and the Loan Documents and to exercise such other powers delegated to such Agent by the terms hereof or the other Loan Documents (including, without limitation, the power to give or to refuse to give notices, waivers, consents, approvals and instructions and the power to make or to refuse to make determinations and calculations) together with such powers as are reasonably incidental thereto to carry out the purposes hereof and thereof. As to any matters not expressly provided for by this Agreement and the other Loan Documents (including, without limitation, enforcement or collection of the Loans), the Agents shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions of the Required Lenders shall be binding upon all Lenders and all makers of Loans; provided, however, that the Agents shall not be required to take any action which, in the reasonable opinion of any Agent, exposes such Agent to liability or which is contrary to this Agreement or any other Loan Document or applicable law.

Section 10.02 Nature of Duties; Delegation. (a) The Agents shall have no duties or responsibilities except those expressly set forth in this Agreement or in the other Loan Documents. The duties of the Agents shall be mechanical and administrative in nature. The Agents shall not have by reason of this Agreement or any other Loan Document a fiduciary relationship in respect of any Lender. Nothing in this Agreement or any other Loan Document, express or implied, is intended to or shall be construed to impose upon the Agents any obligations in respect of this Agreement or any other Loan Document except as expressly set forth herein or therein. Each Lender shall make its own independent investigation of the financial condition and affairs of the Loan Parties in connection with the making and the continuance of the Loans hereunder and shall make its own appraisal of the creditworthiness of the Loan Parties and the value of the Collateral without reliance upon the Administrative Agent or any other Lender or any of their Related Parties, and neither the Agents nor any of their Related Parties shall have any duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into their possession before the initial Loan hereunder or at any time or times thereafter, provided that, upon the reasonable request of a Lender, each Agent shall provide to such Lender any documents or reports delivered to such Agent by the Loan Parties pursuant to the terms of this Agreement or any other Loan Document. If any Agent seeks the consent or approval of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents) to the taking or refraining from taking any action hereunder, such Agent shall send notice thereof to each Lender. Each Agent shall promptly notify each Lender any time that the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents) have instructed such Agent to act or refrain from acting pursuant hereto.

(b) Each Agent may, upon any term or condition it specifies, delegate or exercise any of its rights, powers and remedies under, and delegate or perform any of its duties or any other action with respect to, any Loan Document by or through any of its Related Parties or any other trustee, co-agent or Person (including any Lender). Any such Related Party, trustee,co-agent and other Person shall benefit from this ARTICLE X to the extent provided by the applicable Agent.

Section 10.03 Rights, Exculpation, Etc. The Agents and their Related Parties shall not be liable for any action taken or omitted to be taken by them under or in connection with this Agreement or the other Loan Documents, except for their own gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction. Without limiting the generality of the foregoing, the Agents (i) may treat the payee of any Loan as the owner thereof until the Agents receive written notice of the assignment or transfer thereof, pursuant to Section 12.07 hereof, signed by such payee and in form reasonably satisfactory to the Agents; (ii) may consult with legal counsel (including, without limitation, counsel to any Agent or counsel to the Loan Parties), independent public accountants, and other experts selected by any of them and shall not be liable for any action taken or omitted to be taken in good faith by any of them in accordance with the advice of such counsel or experts; (iii) make no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, certificates, warranties or representations made in or in connection with this Agreement or the other Loan Documents; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this

Agreement or the other Loan Documents on the part of any Person, the existence or possible existence of any Default or Event of Default, or to inspect the Collateral or other property (including, without limitation, the books and records) of any Person; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; and (vi) shall not be deemed to have made any representation or warranty regarding the existence, value or collectibility of the Collateral, the existence, priority or perfection of the Collateral Agent's Lien thereon, or any certificate prepared by any Loan Party in connection therewith, nor shall the Agents be responsible or liable to the Lenders for any failure to monitor or maintain any portion of the Collateral. The Agents shall not be liable for any apportionment or distribution of payments made in good faith pursuant to Section 4.04, and if any such apportionment or distribution is subsequently determined to have been made in error the sole recourse of any Lender to whom payment was due but not made, shall be to recover from other Lenders any payment in excess of the amount which they are determined to be entitled. The Agents may at any time request instructions from the Lenders with respect to any actions or approvals which by the terms of this Agreement or of any of the other Loan Documents the Agents are permitted or required to take or to grant, and if such instructions are promptly requested, the Agents shall be absolutely entitled to refrain from taking any action or to withhold any approval under any of the Loan Documents until they shall have received such instructions from the Required Lenders (unless unanimity is required). Without limiting the foregoing, no Lender shall have any right of action whatsoever against any Agent as a result of such Agent acting or refraining from acting under this Agreement or any of the other Loan Documents in accordance with the instructions of the Required Lenders (unless unanimity is required).

Section 10.04 Reliance. Each Agent shall be entitled to rely upon any written notices, statements, certificates, orders or other documents or any telephone message believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person, and with respect to all matters pertaining to this Agreement or any of the other Loan Documents and its duties hereunder or thereunder, upon advice of counsel selected by it.

Section 10.05 Indemnification. To the extent that any Agent or any Related Party of the foregoing is not reimbursed and indemnified by any Loan Party, the Lenders will reimburse and indemnify such Agent and such Related Parties from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, advances or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against such Agent and such Related Parties in any way relating to or arising out of this Agreement or any of the other Loan Documents or any action taken or omitted by such Agent and such Related Parties under this Agreement or any of the other Loan Documents, in proportion to each Lender's Pro Rata Share (including, for the avoidance of doubt, that such Pro Rata Share shall include the Affiliated Lender's share of Loans held or deemed to be held by such Affiliated Lender), including, without limitation, advances and disbursements made pursuant to Section 10.08; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, advances or disbursements for which there has been a final non-appealable judicial determination that such liability resulted from such Agent's or such Related Parties gross negligence or willful misconduct. The obligations of the Lenders under this Section 10.05 shall survive the payment in full of the Loans and the termination of this Agreement.

Section 10.06 Agents Individually. With respect to its Pro Rata Share of the Total Commitment hereunder and the Loans made by it, each Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein, any other Lender or maker of a Loan. The terms "Lenders" or "Required Lenders" or any similar terms shall, unless the context clearly otherwise indicates, include each Agent in its individual capacity as a Lender or one of the Required Lenders. Each Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with any Borrower as if it were not acting as an Agent pursuant hereto without any duty to account to the other Lenders.

Section 10.07 Successor Agent. (a) Any Agent may at any time give at least 30 days prior written notice of its resignation to the Lenders and the Administrative Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Administrative Borrower, to appoint a successor Agent. If no such successor Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Agent may (but shall not be obligated to), on behalf of the Lenders, appoint a successor Agent. Whether or not a successor Agent has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) With effect from the Resignation Effective Date, (i) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any Collateral held by such Agent on behalf of the Lenders under any of the Loan Documents, the retiring Agent shall continue to hold such collateral security until such time as a successor Agent is appointed) and (ii) all payments, communications and determinations provided to be made by, to or through such retiring Agent shall instead be made by or to each Lender directly, until such time, if any, as a successor Agent shall have been appointed as provided for above. Upon the acceptance of a successor's Agent's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. After the retiring Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article, Section 12.04 and Section 12.05 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by it while the retiring Agent was acting as Agent.

Section 10.08 Collateral Matters.

(a) Either Agent may from time to time while an Event of Default has occurred and is continuing make such disbursements and advances ("Agent Advances") which such Agent, in its sole discretion, deems necessary or desirable to preserve, protect, prepare for sale or lease or dispose of the Collateral or any portion thereof, to enhance the likelihood or maximize the amount of repayment by the Borrowers of the Loans and other Obligations or to

pay any other amount chargeable to the Borrowers pursuant to the terms of this Agreement, including, without limitation, costs, fees and expenses as described in Section 12.04; provided that the aggregate outstanding amount of the Agent Advances shall not exceed $2,000,000 at any time. The Agent Advances shall be repayable on demand and be secured by the Collateral and shall bear interest at a rate per annum equal to the rate then applicable to Revolving Loans that are Reference Rate Loans. The Agent Advances shall constitute Obligations hereunder which may be charged to the Loan Account in accordance with Section 4.02. Each Agent making an Agent Advance shall notify the other Agent, each Lender and the Administrative Borrower in writing of each such Agent Advance, which notice shall include a description of the purpose of such Agent Advance. Without limitation to its obligations pursuant to Section 10.05, each Lender agrees that it shall make available to such Agent, upon such Agent's demand, in Dollars in immediately available funds, the amount equal to such Lender's Pro Rata Share of each such Agent Advance. If such funds are not made available to such Agent by such Lender, such Agent shall be entitled to recover such funds on demand from such Lender, together with interest thereon for each day from the date such payment was due until the date such amount is paid to such Agent, at the Federal Funds Effective Rate for three (3) Business Days and thereafter at the Reference Rate.

(b) The Lenders hereby irrevocably authorize the Collateral Agent to (1) release any Lien granted to or held by the Collateral Agent upon any Collateral (i) in accordance with the express terms of the Loan Documents; (ii) upon termination of the Total Commitment and payment and satisfaction of all Loans and all other Obligations in accordance with the terms hereof; or (iii) (x) constituting property being sold or disposed of in the ordinary course of any Loan Party's business and otherwise in compliance with the terms of this Agreement and the other Loan Documents; (y) constituting property in which the Loan Parties owned no interest at the time the Lien was granted or at any time thereafter; or (z) if approved, authorized or ratified in writing by the Lenders or (2) subordinate any Lien on any property granted to or sold by the Collateral Agent to the holder of any Lien on property that is permitted to be subordinated pursuant to the definition of "Permitted Liens". Upon request by the Collateral Agent at any time, the Lenders shall confirm in writing the Collateral Agent's authority to release or subordinate particular types or items of Collateral pursuant to this Section 10.08(b).

(c) Without in any manner limiting the Collateral Agent's authority to act without any specific or further authorization or consent by the Lenders (as set forth in Section 10.08(b)), each Lender agrees to confirm in writing, upon request by the Collateral Agent, the authority to release or subordinate Collateral conferred upon the Collateral Agent under Section 10.08(b). Upon receipt by the Collateral Agent of confirmation from the Lenders of its authority to release or subordinate any particular item or types of Collateral, and upon prior written request by any Loan Party, the Collateral Agent shall (and is hereby irrevocably authorized by the Lenders to) execute such documents as may be necessary to evidence the release of the Liens granted to the Collateral Agent for the benefit of the Agents and the Lenders upon such Collateral; provided, however, that (i) the Collateral Agent shall not be required to execute any such document on terms which, in the Collateral Agent's opinion, would expose the Collateral Agent to liability or create any obligations or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any Lien upon (or obligations of any Loan Party in respect of) all interests in the Collateral retained by any Loan Party.

(d) Anything contained in any of the Loan Documents to the contrary notwithstanding, the Loan Parties, each Agent and each Lender hereby agree that (i) no Lender shall have any right individually to realize upon any of the Collateral under any Loan Document or to enforce any Guaranty, it being understood and agreed that all powers, rights and remedies under the Loan Documents may be exercised solely by the Collateral Agent for the benefit of the Lenders in accordance with the terms thereof, (ii) in the event of a foreclosure by the Collateral Agent on any of the Collateral pursuant to a public or private sale, the Administrative Agent, the Collateral Agent or any Lender may be the purchaser of any or all of such Collateral at any such sale and (iii) the Collateral Agent, as agent for and representative of the Agents and the Lenders (but not any other Agent or any Lender or Lenders in its or their respective individual capacities unless the Required Lenders shall otherwise agree in writing) shall be entitled (either directly or through one or more acquisition vehicles) for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral to be sold (A) at any public or private sale, (B) at any sale conducted by the Collateral Agent under the provisions of the Uniform Commercial Code (including pursuant to Sections 9-610 or 9-620 of the Uniform Commercial Code), (C) at any sale or foreclosure conducted by the Collateral Agent (whether by judicial action or otherwise) in accordance with applicable law or (D) any sale conducted pursuant to the provisions of any Debtor Relief Law (including Section 363 of the Bankruptcy Code), to use and apply all or any of the Obligations as a credit on account of the purchase price for any Collateral payable by the Collateral Agent at such sale.

(e) The Collateral Agent shall have no obligation whatsoever to any Lender to assure that the Collateral exists or is owned by the Loan Parties or is cared for, protected or insured or has been encumbered or that the Lien granted to the Collateral Agent pursuant to this Agreement or any other Loan Document has been properly or sufficiently or lawfully created, perfected, protected or enforced or is entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to the Collateral Agent in this Section 10.08 or in any other Loan Document, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, the Collateral Agent may act in any manner it may deem appropriate, in its sole discretion, given the Collateral Agent's own interest in the Collateral as one of the Lenders and that the Collateral Agent shall have no duty or liability whatsoever to any other Lender, except as otherwise provided herein.

Section 10.09 Agency for Perfection. Each Agent and each Lender hereby appoints each other Agent and each other Lender as agent and bailee for the purpose of perfecting the security interests in and liens upon the Collateral in assets which, in accordance with Article 9 of the Uniform Commercial Code, can be perfected only by possession or control (or where the security interest of a secured party with possession or control has priority over the security interest of another secured party) and each Agent and each Lender hereby acknowledges that it holds possession of or otherwise controls any such Collateral for the benefit of the Agents and the Lenders as secured party. Should the Administrative Agent or any Lender obtain possession or control of any such Collateral, the Administrative Agent or such Lender shall

notify the Collateral Agent thereof, and, promptly upon the Collateral Agent's request therefor shall deliver such Collateral to the Collateral Agent or in accordance with the Collateral Agent's instructions. In addition, the Collateral Agent shall also have the power and authority hereunder to appoint such other sub-agents as may be necessary or required under applicable state law or otherwise to perform its duties and enforce its rights with respect to the Collateral and under the Loan Documents. Each Loan Party by its execution and delivery of this Agreement hereby consents to the foregoing.

Section 10.10 No Reliance on any Agent's Customer Identification Program. Each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on any Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other requirements imposed by the USA PATRIOT Act or the regulations issued thereunder, including the regulations set forth in 31 C.F.R. §§ 1010.100(yy), (iii), 1020.100, and 1020.220 (formerly 31 C.F.R. § 103.121), as hereafter amended or replaced ("CIP Regulations"), or any other Anti-Money Laundering and Anti-Terrorism Laws, including any programs involving any of the following items relating to or in connection with any of the Loan Parties, their Affiliates or their agents, the Loan Documents or the transactions hereunder or contemplated hereby: (1) any identity verification procedures, (2) any recordkeeping, (3) comparisons with government lists, (4) customer notices or (5) other procedures required under the CIP Regulations or other regulations issued under the USA PATRIOT Act. Each Lender, Affiliate, participant or assignee subject to Section 326 of the USA PATRIOT Act will perform the measures necessary to satisfy its own responsibilities under the CIP Regulations.

Section 10.11 No Third Party Beneficiaries. The provisions of this Article are solely for the benefit of the Secured Parties (including each Affiliated Lender), and no Loan Party shall have rights as a third-party beneficiary of any of such provisions.

Section 10.12 No Fiduciary Relationship. It is understood and agreed that the use of the term "agent" herein or in any other Loan Document (or any other similar term) with reference to any Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

By becoming a party to this Agreement, each Lender:

(a) is deemed to have requested that each Agent furnish such Lender, promptly after it becomes available, a copy of each inspection report with respect to the Parent or any of its Subsidiaries (each, a "Report") prepared by or at the request of such Agent, and each Agent shall so furnish each Lender with each such Report,

(b) expressly agrees and acknowledges that the Agents (i) do not make any representation or warranty as to the accuracy of any Reports, and (ii) shall not be liable for any information contained in any Reports,

(c) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that any Agent or other party performing any audit or examination will inspect only specific information regarding the Parent and its Subsidiaries and will rely significantly upon the Parent's and its Subsidiaries' books and records, as well as on representations of their personnel,

(d) agrees to keep all Reports and other material, non-public information regarding the Parent and its Subsidiaries and their operations, assets, and existing and contemplated business plans in a confidential manner in accordance with Section 12.20, and

(e) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold any Agent and any other Lender preparing a Report harmless from any action the indemnifying Lender may take or fail to take or any conclusion the indemnifying Lender may reach or draw from any Report in connection with any loans or other credit accommodations that the indemnifying Lender has made or may make to the Borrowers, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a loan or loans of the Borrowers, and (ii) to pay and protect, and indemnify, defend and hold any Agent and any other Lender preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including, attorneys' fees and costs) incurred by any such Agent and any such other Lender preparing a Report as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

Section 10.13 Collateral Custodian. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent or its designee may at any time and from time to time employ and maintain on the premises of any Loan Party a custodian selected by the Collateral Agent or its designee who shall have full authority to do all acts necessary to protect the Agents' and the Lenders' interests. Each Loan Party hereby agrees to, and to cause its Subsidiaries to, cooperate with any such custodian and to do whatever the Collateral Agent or its designee may reasonably request to preserve the Collateral. All costs and expenses incurred by the Collateral Agent or its designee by reason of the employment of the custodian shall be the responsibility of the Borrowers and charged to the Loan Account.

Section 10.14 Collateral Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Collateral Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether any Agent shall have made any demand on the Borrowers) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Secured Parties (including any claim for the compensation, expenses, disbursements and advances of the Secured Parties and their respective agents and counsel and all other amounts due to the Secured Parties hereunder and under the other Loan Documents) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Secured Party to make such payments to the Collateral Agent and, in the event that the Collateral Agent shall consent to the making of such payments directly to the Secured Parties, to pay to the Collateral Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Collateral Agent and its agents and counsel, and any other amounts due to the Collateral Agent hereunder and under the other Loan Documents.

ARTICLE XI
GUARANTY

Section 11.01 Guaranty. Each Guarantor hereby jointly and severally and unconditionally and irrevocably guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all Obligations of the Borrowers now or hereafter existing under any Loan Document, whether for principal, interest (including, without limitation, all interest that accrues after the commencement of any Insolvency Proceeding of any Borrower, whether or not a claim for post-filing interest is allowed in such Insolvency Proceeding), fees, commissions, expense reimbursements, indemnifications or otherwise (such obligations, to the extent not paid by the Borrowers, being the "Guaranteed Obligations"), and agrees to pay (without duplication of any amounts payable under Section 12.04) any and all reasonable and documented out-of-pocket expenses (including reasonable and documented out-of-pocket fees and expenses of one outside counsel and one local counsel in each relevant jurisdiction) incurred by the Agents and the Lenders in enforcing any rights under the guaranty set forth in this ARTICLE XI. Without limiting the generality of the foregoing, each Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by the Borrowers to the Agents and the Lenders under any Loan Document but for the fact that they are unenforceable or not allowable due to the existence of an Insolvency Proceeding involving any Borrower. Notwithstanding any of the foregoing, Guaranteed Obligations shall not include any Excluded Hedge Liabilities. In no event shall the obligation of any Guarantor hereunder exceed the maximum amount such Guarantor could guarantee under any bankruptcy, insolvency or other similar law.

Section 11.02 Guaranty Absolute. Each Guarantor jointly and severally guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Loan Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agents or the Lenders with respect thereto. Each Guarantor agrees that this ARTICLE XI constitutes a guaranty of payment when due and not of collection and waives any right to require that any resort be made by any Agent or any Lender to any Collateral. The obligations of each Guarantor under this ARTICLE XI are independent of the Guaranteed Obligations, and a separate action or actions may be brought and prosecuted against each Guarantor to enforce such obligations, irrespective of whether any action is brought against any Loan Party or whether any Loan Party is joined in any such action or actions. The liability of each Guarantor under this ARTICLE XI shall be irrevocable, absolute

and unconditional irrespective of, and each Guarantor hereby irrevocably waives any defenses it may now or hereafter have in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of any Loan Document or any agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from any Loan Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Loan Party or otherwise;

(c) any taking, exchange, release or non-perfection of any Collateral, or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Guaranteed Obligations;

(d) the existence of any claim, set-off, defense or other right that any Guarantor may have at any time against any Person, including, without limitation, any Agent or any Lender;

(e) any change, restructuring or termination of the corporate, limited liability company or partnership structure or existence of any Loan Party; or

(f) any other circumstance (other than the defense of payment, but including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Agents or the Lenders that might otherwise constitute a defense available to, or a discharge of, any Loan Party or any other guarantor or surety.

This ARTICLE XI shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Agents, the Lenders or any other Person upon the insolvency, bankruptcy or reorganization of any Borrower or otherwise, all as though such payment had not been made.

Section 11.03 Waiver. Each Guarantor hereby waives (i) promptness and diligence, (ii) notice of acceptance and any other notice with respect to any of the Guaranteed Obligations and this ARTICLE XI and any requirement that the Agents or the Lenders exhaust any right or take any action against any Loan Party or any other Person or any Collateral, (iii) any right to compel or direct any Agent or any Lender to seek payment or recovery of any amounts owed under this ARTICLE XI from any one particular fund or source or to exhaust any right or take any action against any other Loan Party, any other Person or any Collateral, (iv) any requirement that any Agent or any Lender protect, secure, perfect or insure any security interest or Lien on any property subject thereto or exhaust any right to take any action against any Loan Party, any other Person or any Collateral, and (v) any other defense available to any Guarantor. Each Guarantor agrees that the Agents and the Lenders shall have no obligation to marshal any assets in favor of any Guarantor or against, or in payment of, any or all of the Obligations. Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated herein and that the waiver set forth in this Section 11.03 is

knowingly made in contemplation of such benefits. Each Guarantor hereby waives any right to revoke this ARTICLE XI, and acknowledges that this ARTICLE XI is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

Section 11.04 Continuing Guaranty; Assignments. This ARTICLE XI is a continuing guaranty and shall (a) remain in full force and effect until the later of the payment in full of the Guaranteed Obligations (other than unasserted contingent indemnification Obligations) and the Final Maturity Date, (b) be binding upon each Guarantor, its successors and assigns and (c) inure to the benefit of and be enforceable by the Agents, and their successors, pledgees, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Lender may pledge, assign or otherwise transfer all or any portion of its rights and obligations under this Agreement (including, without limitation, all or any portion of its Commitments and its Loans owing to it) to any other Person to the extent otherwise permitted hereunder, and such other Person shall thereupon become vested with all the benefits in respect thereof granted such Lender herein or otherwise, in each case as provided in Section 12.07.

Section 11.05 Subrogation. No Guarantor will exercise any rights that it may now or hereafter acquire against any Loan Party or any other guarantor that arise from the existence, payment, performance or enforcement of such Guarantor's obligations under this ARTICLE XI, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Agents and the Lenders against any Loan Party or any other guarantor or any Collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Loan Party or any other guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security solely on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations (other than unasserted contingent indemnification Obligations) shall have been paid in full and the Final Maturity Date shall have occurred. If any amount shall be paid to any Guarantor in violation of the immediately preceding sentence at any time prior to the later of the payment in full of the Guaranteed Obligations (other than unasserted contingent indemnification Obligations) and the Final Maturity Date, such amount shall (A) to the extent Guaranteed Obligations are outstanding, be held in trust for the benefit of the Agents and the Lenders, as applicable, and shall forthwith be paid to the Agents and the Lenders, as applicable, to be credited and applied to such Guaranteed Obligations, in accordance with the terms of this Agreement or (B) promptly be returned to the party which paid such amount. If (i) any Guarantor shall make payment to the Agents and the Lenders of all or any part of the Guaranteed Obligations (other than unasserted contingent indemnification Obligations), (ii) all of the Guaranteed Obligations (other than unasserted contingent indemnification Obligations) shall be paid in full and (iii) the Final Maturity Date shall have occurred, the Agents and the Lenders will, at such Guarantor's request and expense, execute and deliver to such Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to such Guarantor of an interest in the Guaranteed Obligations resulting from such payment by such Guarantor.

Section 11.06 Contribution. All Guarantors desire to allocate among themselves, in a fair and equitable manner, their obligations arising under this Guaranty. Accordingly, in the event any payment or distribution is made on any date by a Guarantor under this Guaranty such

that its Aggregate Payments exceeds its Fair Share as of such date, such Guarantor shall be entitled to a contribution from each of the other Guarantors in an amount sufficient to cause each Guarantor's Aggregate Payments to equal its Fair Share as of such date.

"Fair Share" means, with respect to any Guarantor as of any date of determination, an amount equal to the sum of (a) its pro rata portion of the aggregate amount paid or distributed on or before such date by any Guarantor under this Guaranty in respect of the Guaranteed Obligations and (b) its pro rata portion of Deficits with respect to the other Guarantors, if any, in each case subject to its Maximum Contribution Amount (such amounts under clauses (a) or (b) in excess of the Maximum Contribution Amount with respect to any Guarantor, "Deficits").

"Maximum Contribution Amount" means, with respect to any Guarantor as of any date of determination, the maximum aggregate amount of the obligations of such Guarantor under this Guaranty that would not render its obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any comparable applicable provisions of state law; provided, solely for purposes of calculating the "Maximum Contribution Amount" with respect to any Guarantor for purposes of this Section 11.06, any assets or liabilities of such Guarantor arising by virtue of any rights to subrogation, reimbursement or indemnification or any rights to or obligations of contribution hereunder shall not be considered as assets or liabilities of such Guarantor.

"Aggregate Payments" means, with respect to any Guarantor as of any date of determination, an amount equal to (A) the aggregate amount of all payments and distributions made on or before such date by such Guarantor in respect of this Guaranty (including, without limitation, in respect of this Section 11.06), minus (B) the aggregate amount of all payments received on or before such date by such Guarantor from the other Guarantors as contributions under this Section 11.06. The amounts payable as contributions hereunder shall be determined as of the date on which the related payment or distribution is made by the applicable Guarantor. The allocation among Guarantors of their obligations as set forth in this Section 11.06 shall not be construed in any way to limit the liability of any Guarantor hereunder. Each Guarantor is a third party beneficiary to the contribution agreement set forth in this Section 11.06.

ARTICLE XII

MISCELLANEOUS

Section 12.01 Notices, Etc.

(a) Notices Generally. All notices and other communications provided for hereunder shall be in writing and shall be mailed (certified mail, postage prepaid and return receipt requested) or delivered by hand, Federal Express or other reputable overnight courier, if to any Loan Party, at the following address:

Snapdragon Capital Partners LLC
17 Palmer Lane
Riverside, CT 06878

Attention: Mark Grabowski
Telephone: 646-321-0134
Email: markg@snapdragoncap.com

with a copy to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attention: Joe Hadley
Telephone: 212-450-4007
E-mail: joseph.hadley@davispolk.com

if to the Agents, to it at the following address:

Cerberus Business Finance Agency, LLC
875 Third Avenue
New York, New York 10022
Attention: Timothy Fording
Telephone: (212) 891-2147
E-mail: tfording@cerberus.com

in each case, with a copy to:

Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
Attention: Eliot L. Relles, Esq.
Telephone: (212) 756-2000
Email: eliot.relles@srz.com

or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties complying as to delivery with the terms of this Section 12.01. All such notices and other communications shall be effective, (i) if mailed (certified mail, postage prepaid and return receipt requested), when received or three (3) days after deposited in the mails, whichever occurs first, (ii) if emailed, in accordance with Section 12.01(c), or (iii) if delivered by hand, Federal Express or other reputable overnight courier, upon delivery, except that notices to any Agent pursuant to ARTICLE II shall not be effective until received by such Agent, as the case may be.

(b) Electronic Communications. Each party hereto may, in its discretion, by written notice to the other parties hereto decline to accept any or all notices and other communications to it hereunder by electronic communications.

(c) Unless the Administrative Agent otherwise prescribes, (A) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt

requested" function, as available, return e-mail or other written acknowledgement), and (B) notices or communications posted to an internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (A), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (A) and (B) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

Section 12.02 Amendments, Etc. (a) No amendment or waiver of any provision of this Agreement or any other Loan Document (excluding the Fee Letter), and no consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in writing and signed (x) in the case of an amendment, consent or waiver to cure any ambiguity, omission, defect or inconsistency or granting a new Lien for the benefit of the Agents and the Lenders or extending an existing Lien over additional property, by the Agents and the Borrower, and (y) in the case of any other amendment, consent or waiver, by the Required Lenders (or by the Collateral Agent with the consent of the Required Lenders) and the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given, provided, however, that no amendment, waiver or consent shall (i) increase the Commitment of any Lender, reduce the principal of, or interest on, the Loans payable to any Lender, reduce the amount of any fee payable for the account of each Lender, or postpone or extend any scheduled date fixed for any payment (which shall in no event include any mandatory prepayment) of principal of, or interest or fees on, the Loans without the written consent of any Lender affected thereby (including the Affiliated Lenders), (ii) [Intentionally Omitted], (iii) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans that is required for the Lenders or any of them to take any action hereunder without the written consent of each Lender (other than the Affiliated Lenders), (iv) amend the definition of "Excluded Hedge Liability" (or any defined term used therein or any provision expressly relating to Excluded Hedge Liabilities), "Required Lenders" or "Pro Rata Share" without the written consent of each Lender (other than the Affiliated Lenders), (v) release all or a substantial portion of the Collateral (except as otherwise provided in this Agreement and the other Loan Documents), subordinate any Lien granted in favor of the Collateral Agent for the benefit of the Secured Parties, or release any Borrower or any Guarantor without the written consent of each Lender (other than the Affiliated Lenders), or (vi) amend, modify or waive Section 4.04 or this Section 12.02 of this Agreement without the written consent of each Lender (other than the Affiliated Lenders).

Notwithstanding the foregoing, (A) no amendment, waiver or consent shall, unless in writing and signed by an Agent, affect the rights or duties of such Agent (but not in its capacity as a Lender) under this Agreement or the other Loan Documents, (B) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Final Maturity Date of such Loan held by the Defaulting Lender may not be extended without the consent of such Defaulting Lender, (C) unless otherwise set forth above in this Section 12.02, the Affiliated Lenders shall not be entitled to vote on any amendment, waiver, consent or other matter under this Agreement, and (D) for the purposes of voting on amendments, waivers and consents with respect to the Loan Documents, the Defaulting Lenders and the Affiliated Lenders shall be deemed not to be "Lenders" and the Loans held by the Affiliated Lenders and Defaulting Lenders shall be deemed to be zero.

(b) If (A)(i) any action to be taken by the Lenders hereunder requires the unanimous consent, authorization, or agreement of all of the Lenders (other than the Affiliated Lenders), (ii) the Required Lenders have consented to such action and (iii) a Lender other than the Collateral Agent or Administrative Agent, fails to give its consent, authorization, or agreement, or (B) any Lender requests reimbursement under Section 2.08 or Section 4.05 (each of the Lenders described in clauses (A) and (B), a "Holdout Lender"), then the Administrative Borrower upon at least five (5) Business Days prior irrevocable notice to the Holdout Lender, may permanently replace the Holdout Lender with one or more substitute Replacement Lenders reasonably acceptable to the Collateral Agent, and the Holdout Lender shall have no right to refuse to be replaced hereunder. Such notice to replace the Holdout Lender shall specify an effective date for such replacement, which date shall not be later than fifteen (15) Business Days after the date such notice is given. Prior to the effective date of such replacement, the Holdout Lender and the Replacement Lender shall execute and deliver an Assignment and Acceptance, subject only to the Holdout Lender being repaid its share of the outstanding Obligations without any premium or penalty. If the Holdout Lender shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such replacement, the Holdout Lender shall be deemed to have executed and delivered such Assignment and Acceptance. The replacement of any Holdout Lender shall be made in accordance with the terms of Section 12.07(b). Until such time as the Replacement Lender shall have acquired all of the Obligations, the Commitments, and the other rights and obligations of the Holdout Lender hereunder and under the other Loan Documents, the Holdout Lender shall remain obligated to make its Pro Rata Share of the Loans.

Section 12.03 No Waiver; Remedies, Etc. No failure on the part of any Agent or any Lender to exercise, and no delay in exercising, any right hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right under any Loan Document preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of the Agents and the Lenders provided herein and in the other Loan Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of the Agents and the Lenders under any Loan Document against any party thereto are not conditional or contingent on any attempt by the Agents and the Lenders to exercise any of their rights under any other Loan Document against such party or against any other Person.

Section 12.04 Expenses; Attorneys' Fees. The Borrowers shall pay promptly, and in any event within ten (10) Business Days of delivery of an invoice, all reasonable and documented out-of-pocket costs and expenses incurred by or on behalf of each Agent (and, without duplication, in the case of clauses (b) through (j) below, each Lender), regardless of whether the transactions contemplated hereby are consummated, including, without limitation, reasonable and documented out-of-pocket fees, costs, client charges and expenses of one outside counsel and one local counsel in each relevant jurisdiction for the Agents (and, without duplication, in the case of clauses (b) through (j) below, each Lender), accounting, due diligence, searches and filings and other miscellaneous disbursements arising from or relating to: (a) the negotiation, preparation, execution, delivery, performance and administration of this Agreement

and the other Loan Documents (including, without limitation, the preparation of any additional Loan Documents pursuant to Section 7.01(b) or the review of any of the agreements, instruments and documents referred to in Section 7.01(f)), (b) any requested amendments, waivers or consents to this Agreement or the other Loan Documents whether or not such documents become effective or are given, (c) the preservation and protection of the Agents' or any of the Lenders' rights under this Agreement or the other Loan Documents, (d) the defense of any claim or action asserted or brought against any Agent or any Lender by any Person that arises from or relates to this Agreement, any other Loan Document, the Agents' or the Lenders' claims against any Loan Party under the Loan Documents, or any and all matters in connection therewith, (e) the commencement or defense of, or intervention in, any court proceeding arising from or related to this Agreement or any other Loan Document, (f) the filing of any petition, complaint, answer, motion or other pleading by any Agent or any Lender, or the taking of any action in respect of the Collateral, in connection with this Agreement or any other Loan Document, (g) the protection, collection, lease, sale, taking possession of or liquidation of, any Collateral in connection with this Agreement or any other Loan Document, (h) any attempt to enforce any Lien or security interest in any Collateral in connection with this Agreement or any other Loan Document, (i) any attempt to collect from any Loan Party or Guarantor under the Loan Documents, (j) all liabilities and costs arising from or in connection with the past, present or future operations of any Loan Party involving any damage to real or personal property or natural resources or harm or injury alleged to have resulted from any Release of Hazardous Materials on, upon or into such property, (k) any Environmental Liabilities and Costs incurred in connection with the investigation, removal, cleanup and/or remediation of any Hazardous Materials present or arising out of the operations of any Facility of any Loan Party, (l) any Environmental Liabilities and Costs incurred in connection with any Environmental Lien, (m) the rating of the Loans by one or more rating agencies in connection with any Lender's Securitization, or (n) the receipt by any Agent or, in the case of clauses (b) through (i) above, any Lender of any advice from professionals with respect to any of the foregoing. Without limitation of the foregoing or any other provision of any Loan Document: (x) the Borrowers agree to pay all broker fees that may become due in connection with the transactions contemplated by this Agreement and the other Loan Documents, and (y) if the Borrowers fail to perform any covenant or agreement contained herein or in any other Loan Document, any Agent may itself perform or cause performance of such covenant or agreement, and the expenses of such Agent incurred in connection therewith shall be reimbursed on demand by the Borrowers. The obligations of the Borrowers under this Section 12.04 shall survive the repayment of the Obligations and discharge of any Liens granted under the Loan Documents.

Section 12.05 Right of Set-off. Upon the occurrence and during the continuance of any Event of Default, any Agent or any Lender may, and is hereby authorized to, at any time and from time to time, without notice to any Loan Party (any such notice being expressly waived by the Loan Parties) and to the fullest extent permitted by law, set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Indebtedness at any time owing by such Agent or such Lender to or for the credit or the account of any Loan Party against any and all obligations of the Loan Parties either now or hereafter existing under any Loan Document, irrespective of whether or not such Agent or such Lender shall have made any demand hereunder or thereunder and although such obligations may be contingent or unmatured. Each Agent and each Lender agrees to notify such Loan Party promptly after any such set-off and application made by such Agent or such Lender provided

that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Agents and the Lenders under this Section 12.05 are in addition to the other rights and remedies (including other rights of set-off) which the Agents and the Lenders may have under this Agreement or any other Loan Documents of law or otherwise.

Section 12.06 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 12.07 Assignments and Participations.

(a) This Agreement and the other Loan Documents shall be binding upon and inure to the benefit of each Loan Party and each Agent and each Lender and their respective successors and assigns; provided, however, that none of the Loan Parties may assign or transfer any of its rights hereunder or under the other Loan Documents without the prior written consent of each Lender and any such assignment without the Lenders' prior written consent shall be null and void and no Lender may assign or transfer any of its rights hereunder or under the other Loan Documents except (i) to an assignee in accordance with the provisions of Section 12.07(b) and (ii) by way of participation in accordance with the provisions of Section 12.07(i).

(b) Each Lender may with the written consent of the Collateral Agent, assign to (i) one or more Eligible Transferees and (ii) if an Event of Default under Sections 9.01(a), (f) or (g) has occurred and is continuing, one or more Ineligible Institutions, in each case, all or a portion of its rights and obligations under this Agreement with respect to all or a portion of its Term Loan Commitment, its Revolving Credit Commitment, any portion of the Term Loans made by it and any portion of the Revolving Loans made by it (provided that assignments to Affiliated Lenders shall not require the consent of the Collateral Agent); provided, however, that (i) any such assignment under clause (x) shall require the prior consent of the Administrative Borrower (which consent shall not be unreasonably withheld, conditioned or delayed nor shall it be required during the existence of an Event of Default), (ii) such assignment is in an amount which is at least $5,000,000 or a multiple of $1,000,000 in excess thereof (or the remainder of such Lender's Commitment) (except such minimum amount shall not apply to an assignment by a Lender to (x) a Lender, an Affiliate of such Lender or a Related Fund of such Lender or (y) a group of new Lenders, each of whom is an Affiliate or Related Fund of each other to the extent the aggregate amount to be assigned to all such new Lenders is at least $5,000,000 or a multiple of $1,000,000 in excess thereof), (iii) except as provided in the last sentence of this Section 12.07(b), the parties to each such assignment shall execute and deliver to each Agent, an Assignment and Acceptance, together with any promissory note subject to such assignment and such parties shall deliver to the Collateral Agent, for the benefit of the Collateral Agent, a processing and recordation fee of $5,000 (except the payment of such fee shall not be required in connection with an assignment by a Lender to a Lender, an Affiliate of such Lender or a Related Fund of such Lender) and (iv) no written consent of the Collateral Agent, the Administrative Agent or the Administrative Borrower shall be required (1) in connection with any assignment by a Lender to a Lender, an Affiliate of such Lender or a Related Fund of such Lender or (2) if such assignment is in connection with any merger,

consolidation, sale, transfer, or other disposition of all or any substantial portion of the business or loan portfolio of such Lender. Upon such execution, delivery and acceptance, from and after the effective date specified in each Assignment and Acceptance and recordation on the Register, which effective date shall be at least three (3) Business Days after the delivery thereof to the Collateral Agent (or such shorter period as shall be agreed to by the Collateral Agent and the parties to such assignment), (A) the assignee thereunder shall become a "Lender" hereunder and, in addition to the rights and obligations hereunder held by it immediately prior to such effective date, have the rights and obligations hereunder that have been assigned to it pursuant to such Assignment and Acceptance and (B) the assigning Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto). Notwithstanding anything to the contrary contained in this Section 12.07(b), a Lender (including, for the avoidance of doubt, an Affiliated Lender) may assign any or all of its rights under the Loan Documents to an Affiliate of such Lender or a Related Fund of such Lender without delivering an Assignment and Acceptance to the Agents or to any other Person (a "Related Party Assignment"); provided, however, that (I) the Borrowers and the Administrative Agent may continue to deal solely and directly with such assigning Lender until an Assignment and Acceptance has been delivered to the Administrative Agent for recordation on the Register, (II) the Collateral Agent may continue to deal solely and directly with such assigning Lender until receipt by the Collateral Agent of a copy of the fully executed Assignment and Acceptance pursuant to Section 12.07(e), (III) the failure of such assigning Lender to deliver an Assignment and Acceptance to the Agents shall not affect the legality, validity, or binding effect of such assignment, and (IV) an Assignment and Acceptance between the assigning Lender and an Affiliate of such Lender or a Related Fund of such Lender shall be effective as of the date specified in such Assignment and Acceptance and recordation on the Related Party Register referred to in the last sentence of Section 12.07(d) below. Notwithstanding the foregoing or anything to the contrary set forth herein, no assignment shall be made at any time to any Defaulting Lender or any of its Subsidiaries or Affiliates, or any Person who, upon becoming a Lender would constitute a Defaulting Lender.

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, the assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any other Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document furnished pursuant hereto; (ii) the assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Loan Party or any of its Subsidiaries or the performance or observance by any Loan Party of any of its obligations under this Agreement or any other Loan Document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement and the other Loan Documents, together with such other documents and information it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the assigning Lender, any Agent or any Lender and based on such

documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents; (v) such assignee appoints and authorizes the Agents to take such action as agents on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to the Agents by the terms hereof and thereof, together with such powers as are reasonably incidental hereto and thereto; and (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement and the other Loan Documents are required to be performed by it as a Lender.

(d) The Administrative Agent shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain, or cause to be maintained at the Payment Office, a copy of each Assignment and Acceptance delivered to and accepted by it and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Commitments of, and the principal amount of the Loans (and stated interest thereon) (the "Registered Loans") owing to each Lender from time to time. Subject to the second to last sentence of this Section 12.07(d), the entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrowers, the Agents and the Lenders shall treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Administrative Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice. In the case of an assignment pursuant to the last sentence of Section 12.07(b) as to which an Assignment and Acceptance is not delivered to the Administrative Agent, the assigning Lender shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain, or cause to be maintained, a register (the 'Related Party Register") comparable to the Register on behalf of the Borrowers. The Related Party Register shall be available for inspection by the Borrowers and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon receipt by the Administrative Agent of a completed Assignment and Acceptance, and subject to any consent required from the Administrative Agent or the Collateral Agent pursuant to Section 12.07(b) (which consent of the Collateral Agent must be evidenced by the Collateral Agent's execution of an acceptance to such Assignment and Acceptance), the Administrative Agent shall accept such assignment, record the information contained therein in the Register and provide to the Collateral Agent a copy of the fully executed Assignment and Acceptance.

(f) A Registered Loan (and the registered note, if any, evidencing the same) may be assigned or sold in whole or in part only by registration of such assignment or sale on the Register or the Related Party Register (and each registered note shall expressly so provide). Any assignment or sale of all or part of such Registered Loan (and the registered note, if any, evidencing the same) may be effected only by registration of such assignment or sale on the Register or the Related Party Register, together with the surrender of the registered note, if any, evidencing the same duly endorsed by (or accompanied by a written instrument of assignment or sale duly executed by) the holder of such registered note, whereupon, at the request of the designated assignee(s) or transferee(s), one or more new registered notes in the same aggregate principal amount shall be issued to the designated assignee(s) or transferee(s). Prior to the registration of assignment or sale of any Registered Loan (and the registered note, if any, evidencing the same), the Agents shall treat the Person in whose name such Registered

Loan (and the registered note, if any, evidencing the same) is registered on the Register as the owner thereof for the purpose of receiving all payments thereon, notwithstanding notice to the contrary.

(g) In the event that any Lender sells participations in a Registered Loan, such Lender shall, acting for this purpose as a non-fiduciary agent on behalf of the Borrowers, maintain, or cause to be maintained, a register, on which it enters the name of all participants in the Registered Loans held by it and the principal amount (and stated interest thereon) of the portion of the Registered Loan that is the subject of the participation (the "Participant Register"). A Registered Loan (and the registered note, if any, evidencing the same) may be participated in whole or in part only by registration of such participation on the Participant Register (and each registered note shall expressly so provide). Any participation of such Registered Loan (and the registered note, if any, evidencing the same) may be effected only by the registration of such participation on the Participant Register. The Participant Register shall be available for inspection by the Administrative Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(h) Any Non-U.S. Lender who purchases or is assigned or participates in any portion of such Registered Loan shall comply with Section 2.08(d).

(i) Each Lender may sell participations to (x) one or more Eligible Transferees and (y) if an Event of Default under Sections 9.01(a), (f) or (g) has occurred and is continuing, one or more Ineligible Institutions, in each case, in or to all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including, without limitation, all or a portion of its Commitments and the Loans made by it); provided, that (i) such Lender's obligations under this Agreement (including without limitation, its Commitments hereunder) and the other Loan Documents shall remain unchanged and that any such participant shall not be entitled to receive any greater payment or benefit hereunder than such Lender would have been entitled to receive with respect to the participation sold to such participant unless the sale of such participation is made with the Administrative Borrower's prior written consent; (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and the Borrowers, the Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents; and (iii) a participant shall not be entitled to require such Lender to take or omit to take any action hereunder except (A) action directly effecting an extension of the maturity dates or decrease in the principal amount of the Loans, (B) action directly effecting an extension of the due dates or a decrease in the rate of interest payable on the Loans or the fees payable under this Agreement, or (C) actions directly effecting a release of all or a substantial portion of the Collateral or any Loan Party (except as set forth in Section 10.08 of this Agreement or any other Loan Document). The Loan Parties agree that each participant shall be entitled to the benefits of Section 2.08, subject to the obligations and limitations set forth thereunder; provided that the Administrative Borrower shall be notified of such participation and such participant shall agree, for the benefit of the Borrowers, to comply with Section 2.08(d) of this Agreement with respect to its participation in any portion of the Commitments and the Loans as if it was a Lender.

(j) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or loans made to, or other indebtedness issued by, such Lender pursuant to a securitization transaction (including any structured warehouse credit facility, collateralized loan obligation transaction or similar facility or transaction, and including any further securitization of the indebtedness or equity issued under such a transaction) (a "Securitization"); provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto. The Loan Parties shall cooperate with such Lender and its Affiliates to effect a Securitization, including, without limitation, by providing such information as may be reasonably requested by such Lender in connection with the rating of its Loans or any Securitization.

Section 12.08 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by electronic mail shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party may request in writing that parties delivering an executed counterpart of this Agreement by electronic mail also deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Loan Document *mutatis mutandis*.

Section 12.09 GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (UNLESS EXPRESSLY PROVIDED TO THE CONTRARY IN ANOTHER LOAN DOCUMENT IN RESPECT OF SUCH OTHER LOAN DOCUMENT) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN THE STATE OF NEW YORK.

Section 12.10 CONSENT TO JURISDICTION; SERVICE OF PROCESS AND VENUE. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK IN THE COUNTY OF NEW YORK OR OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH LOAN PARTY HEREBY IRREVOCABLY ACCEPTS IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH LOAN PARTY HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS AND IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO THE ADMINISTRATIVE BORROWER AT ITS ADDRESS FOR NOTICES AS SET FORTH IN SECTION 12.01 AND TO THE SECRETARY OF STATE OF THE STATE OF NEW YORK, SUCH SERVICE TO BECOME EFFECTIVE TEN (10) DAYS AFTER SUCH MAILING. THE LOAN PARTIES AGREE THAT A FINAL NON-APPEALABLE JUDGMENT IN ANY SUCH ACTION OR

PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE AGENTS AND THE LENDERS TO SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST ANY LOAN PARTY IN ANY OTHER JURISDICTION. EACH LOAN PARTY, EACH AGENT AND THE LENDERS HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE JURISDICTION OR LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY LOAN PARTY HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, EACH LOAN PARTY, EACH AGENT AND THE LENDERS HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

Section 12.11 WAIVER OF JURY TRIAL, ETC. EACH LOAN PARTY, EACH AGENT AND EACH LENDER HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS, OR UNDER ANY AMENDMENT, WAIVER, CONSENT, INSTRUMENT, DOCUMENT OR OTHER AGREEMENT DELIVERED OR WHICH IN THE FUTURE MAY BE DELIVERED IN CONNECTION THEREWITH, OR ARISING FROM ANY FINANCING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREES THAT ANY SUCH ACTION, PROCEEDINGS OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH LOAN PARTY CERTIFIES THAT NO OFFICER, REPRESENTATIVE, AGENT OR ATTORNEY OF ANY AGENT OR ANY LENDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT ANY AGENT OR ANY LENDER WOULD NOT, IN THE EVENT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM, SEEK TO ENFORCE THE FOREGOING WAIVERS. EACH LOAN PARTY HEREBY ACKNOWLEDGES THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE AGENTS AND THE LENDERS ENTERING INTO THIS AGREEMENT.

Section 12.12 Consent by the Agents and Lenders. Except as otherwise expressly set forth herein to the contrary or in any other Loan Document, if the consent, approval, satisfaction, determination, judgment, acceptance or similar action (an "Action") of any Agent or any Lender shall be permitted or required pursuant to any provision hereof or any provision of any other agreement to which any Loan Party is a party and to which any Agent or any Lender has succeeded thereto, such Action shall be required to be in writing and may be withheld or denied by such Agent or such Lender (other than an Affiliated Lender), in its reasonable discretion, with or without any reason.

Section 12.13 No Party Deemed Drafter. Each of the parties hereto agrees that no party hereto shall be deemed to be the drafter of this Agreement.

Section 12.14 Reinstatement; Certain Payments. If any claim is ever made upon any Agent or any Lender for repayment or recovery of any amount or amounts received by such Agent or such Lender in payment or on account of any of the Obligations, such Agent or such Lender shall give prompt notice of such claim to each other Agent and Lender and the Administrative Borrower, and if such Agent or such Lender repays all or part of such amount by reason of (i) any judgment, decree or order of any court or administrative body having jurisdiction over such Agent or such Lender or any of its property, or (ii) any good faith settlement or compromise of any such claim effected by such Agent or such Lender with any such claimant, then and in such event each Loan Party agrees that (A) any such judgment, decree, order, settlement or compromise shall be binding upon it notwithstanding the cancellation of any Indebtedness hereunder or under the other Loan Documents or the termination of this Agreement or the other Loan Documents, and (B) it shall be and remain liable to such Agent or such Lender hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by such Agent or such Lender.

Section 12.15 Indemnification.

(a) General Indemnity. In addition to each Loan Party's other Obligations under this Agreement, each Loan Party agrees to, jointly and severally, defend, protect, indemnify and hold harmless each Agent and each Lender and all of their respective Related Parties (collectively called the "Indemnitees") from and against any and all losses, damages, liabilities, obligations, penalties, fees, reasonable and documentedout-of-pocket costs and expenses (including, without limitation, reasonable and documented out-of-pocket costs and expenses of one outside counsel and one local counsel in each relevant jurisdiction) incurred by such Indemnitees (taken as a whole), whether prior to or from and after the Effective Date, whether direct, indirect or consequential, as a result of or arising from or relating to or in connection with any of the following: (i) the negotiation, preparation, execution or performance or enforcement of this Agreement, any other Loan Document or of any other document executed in connection with the transactions contemplated by this Agreement, (ii) any Agent's or any Lender's furnishing of funds to the Borrowers under this Agreement or the other Loan Documents, including, without limitation, the management of any such Loans, (iii) any matter relating to the financing transactions contemplated by this Agreement or the other Loan Documents or by any document executed in connection with the transactions contemplated by this Agreement or the other Loan Documents, or (iv) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto (collectively, the "Indemnified Matters"); provided, however, that the Loan Parties shall not have any obligation to any Indemnitee under this subsection (a) for any Indemnified Matter (x) caused by the gross negligence or willful misconduct of such Indemnitee as determined by a finalnon- appealable judgment of a court of competent jurisdiction, or (y) arising from disputes solely among the Agents, the Lenders (other than the Affiliated Lenders) and their respective participants or (z) that has resulted from an intentional breach of such Indemnitee's obligations under this Agreement as determined by a final non-appealable judgment of a court of competent jurisdiction. This Section 12.15(a) shall not apply with respect to Taxes other than any Taxes that represent losses, damages, etc. arising from any non-Tax claim.

(b) Environmental Indemnity. Without limiting Section 12.15(a) hereof, each Loan Party agrees to, jointly and severally, defend, indemnify, and hold harmless the Indemnitees against any and all Environmental Liabilities and Costs and all other claims, demands, penalties, fines, liability (including strict liability), losses, damages, costs and expenses (including, reasonable and documented out-of-pocket fees and expenses of one outside counsel and one local counsel in each relevant jurisdiction, consultant fees and laboratory fees), arising out of (i) any Releases or threatened Releases (x) at any property presently or formerly owned or operated by any Loan Party or any Subsidiary of any Loan Party, or any predecessor in interest, or (y) of any Hazardous Materials generated and disposed of by any Loan Party or any Subsidiary of any Loan Party, or any predecessor in interest; (ii) any violations of Environmental Laws by or relating to any Loan Party; (iii) any Environmental Action relating to any Loan Party or any Subsidiary of any Loan Party, or any predecessor in interest; (iv) any personal injury (including wrongful death) or property damage (real or personal) arising out of exposure to Hazardous Materials used, handled, generated, transported or disposed by any Loan Party or any Subsidiary of any Loan Party, or any predecessor in interest; and (v) any breach of any warranty or representation regarding environmental matters made by the Loan Parties in Section 6.01(r) or the breach of any covenant made by the Loan Parties in Section 7.01(j). Notwithstanding the foregoing, the Loan Parties shall not have any obligation to any Indemnitee under this subsection (b) regarding any potential environmental matter covered hereunder which is caused by the gross negligence or willful misconduct of such Indemnitee, as determined by a final non-appealable judgment of a court of competent jurisdiction.

(c) The indemnification for all of the foregoing losses, damages, fees, costs and expenses of the Indemnitees are chargeable against the Loan Account. To the extent that the undertaking to indemnify, pay and hold harmless set forth in this Section 12.15 may be unenforceable because it is violative of any law or public policy, each Loan Party shall, jointly and severally, contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all Indemnified Matters incurred by the Indemnitees. The indemnities set forth in this Section 12.15 shall survive the repayment of the Obligations and discharge of any Liens granted under the Loan Documents.

Section 12.16 Administrative Borrower. Each Borrower hereby irrevocably appoints Xponential Fitness LLC as the borrowing agent and attorney-in-fact for the Borrowers (the "Administrative Borrower") which appointment shall remain in full force and effect unless and until the Agents shall have received prior written notice signed by all of the Borrowers that such appointment has been revoked and that another Borrower has been appointed Administrative Borrower. Each Borrower hereby irrevocably appoints and authorizes the Administrative Borrower (i) to provide to the Agents and receive from the Agents all notices with respect to Loans obtained for the benefit of any Borrower and all other notices and instructions under this Agreement and (ii) to take such action as the Administrative Borrower deems appropriate on its behalf to obtain Loans and to exercise such other powers as are reasonably incidental thereto to carry out the purposes of this Agreement. It is understood that the handling of the Loan Account and Collateral of the Borrowers in a combined fashion, as more fully set forth herein, is done solely as an accommodation to the Borrowers in order to utilize the collective borrowing powers of the Borrowers in the most efficient and economical manner and at their request, and that neither the Agents nor the Lenders shall incur liability to the Borrowers as a result hereof. Each of the Borrowers expects to derive benefit, directly or

indirectly, from the handling of the Loan Account and the Collateral in a combined fashion since the successful operation of each Borrower is dependent on the continued successful performance of the integrated group. To induce the Agents and the Lenders to do so, and in consideration thereof, each of the Borrowers hereby jointly and severally agrees to indemnify the Indemnitees and hold the Indemnitees harmless against any and all liability, expense, loss or claim of damage or injury, made against such Indemnitee by any of the Borrowers or by any third party whosoever, arising from or incurred by reason of (a) the handling of the Loan Account and Collateral of the Borrowers as herein provided, (b) the Agents and the Lenders relying on any instructions of the Administrative Borrower, or (c) any other action taken by any Agent or any Lender hereunder or under the other Loan Documents.

Section 12.17 Records. The unpaid principal of and interest on the Loans, the interest rate or rates applicable to such unpaid principal and interest, the duration of such applicability, the Commitments, and the accrued and unpaid fees payable pursuant to Section 2.06 hereof, including, without limitation, the fees set forth in the Fee Letter and the Applicable Prepayment Premium, if any, shall at all times be ascertained from the records of the Agents, which shall be conclusive and binding absent manifest error.

Section 12.18 Binding Effect. This Agreement shall become effective when it shall have been executed by each Loan Party, each Agent and each Lender and when the conditions precedent set forth in Section 5.01 hereof have been satisfied or waived in writing by the Agents, and thereafter shall be binding upon and inure to the benefit of each Loan Party, each Agent and each Lender, and their respective successors and assigns, except that the Loan Parties shall not have the right to assign their rights hereunder or any interest herein without the prior written consent of each Agent and each Lender, and any assignment by any Lender shall be governed by Section 12.07 hereof.

Section 12.19 Interest. It is the intention of the parties hereto that each Agent and each Lender shall conform strictly to usury laws applicable to it. Accordingly, if the transactions contemplated hereby or by any other Loan Document would be usurious as to any Agent or any Lender under laws applicable to it (including the laws of the United States of America and the State of New York or any other jurisdiction whose laws may be mandatorily applicable to such Agent or such Lender notwithstanding the other provisions of this Agreement), then, in that event, notwithstanding anything to the contrary in this Agreement or any other Loan Document or any agreement entered into in connection with or as security for the Obligations, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under law applicable to any Agent or any Lender that is contracted for, taken, reserved, charged or received by such Agent or such Lender under this Agreement or any other Loan Document or agreements or otherwise in connection with the Obligations shall under no circumstances exceed the maximum amount allowed by such applicable law, any excess shall be canceled automatically and if theretofore paid shall be credited by such Agent or such Lender on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations shall have been or would thereby be paid in full, refunded by such Agent or such Lender, as applicable, to the Borrowers); and (ii) in the event that the maturity of the Obligations is accelerated by reason of any Event of Default under this Agreement or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest under law applicable to any Agent or any Lender may never include more than the maximum amount allowed by such

applicable law, and excess interest, if any, provided for in this Agreement or otherwise shall be canceled automatically by such Agent or such Lender, as applicable, as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited by such Agent or such Lender, as applicable, on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations shall have been or would thereby be paid in full, refunded by such Agent or such Lender to the Borrowers). All sums paid or agreed to be paid to any Agent or any Lender for the use, forbearance or detention of sums due hereunder shall, to the extent permitted by law applicable to such Agent or such Lender, be amortized, prorated, allocated and spread throughout the full term of the Loans until payment in full so that the rate or amount of interest on account of any Loans hereunder does not exceed the maximum amount allowed by such applicable law. If at any time and from time to time (x) the amount of interest payable to any Agent or any Lender on any date shall be computed at the Highest Lawful Rate applicable to such Agent or such Lender pursuant to this Section 12.19 and (y) in respect of any subsequent interest computation period the amount of interest otherwise payable to such Agent or such Lender would be less than the amount of interest payable to such Agent or such Lender computed at the Highest Lawful Rate applicable to such Agent or such Lender, then the amount of interest payable to such Agent or such Lender in respect of such subsequent interest computation period shall continue to be computed at the Highest Lawful Rate applicable to such Agent or such Lender until the total amount of interest payable to such Agent or such Lender shall equal the total amount of interest which would have been payable to such Agent or such Lender if the total amount of interest had been computed without giving effect to this Section 12.19.

For purposes of this Section 12.19, the term "applicable law" shall mean that law in effect from time to time and applicable to the loan transaction between the Borrowers, on the one hand, and the Agents and the Lenders, on the other, that lawfully permits the charging and collection of the highest permissible, lawful non-usurious rate of interest on such loan transaction and this Agreement, including laws of the State of New York and, to the extent controlling, laws of the United States of America.

The right to accelerate the maturity of the Obligations does not include the right to accelerate any interest that has not accrued as of the date of acceleration.

Section 12.20 Confidentiality. Each Agent and each Lender agrees (on behalf of itself and each of its Related Parties) to use reasonable precautions to keep confidential, in accordance with its customary procedures for handling confidential information of this nature and in accordance with safe and sound practices of comparable commercial finance companies, any non-public information supplied to it by the Loan Parties pursuant to this Agreement or the other Loan Documents which is identified in writing by the Loan Parties as being confidential at the time the same is delivered to such Person (and which at the time is not, and does not thereafter become, publicly available or available to such Person from another source not known to be subject to a confidentiality obligation to such Person not to disclose such information), provided that nothing herein shall limit the disclosure by any Agent or any Lender of any such information (i) to its Affiliates, its Related Parties or the Related Parties of any Person described in clause (ii) or (iii) below) (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential in accordance with this Section 12.20 or is subject to other customary

confidentiality obligations); (ii) to any other party hereto; (iii) to any assignee or participant (or prospective assignee or participant) or any party to a Securitization so long as such assignee or participant (or prospective assignee or participant) or party to a Securitization agrees, in writing, to be bound by or is otherwise subject to customary confidentiality obligations (including, without limitation, confidentiality provisions similar in substance to this Section 12.20); (iv) to the extent required by any Requirement of Law or judicial process or as otherwise requested by any Governmental Authority having jurisdiction over such Person; (v) (x) to the National Association of Insurance Commissioners or any similar organization, any examiner, auditor or accountant or any nationally recognized rating agency or (y) otherwise to the extent consisting of general portfolio information that does not identify Loan Parties; provided, unless specifically prohibited by applicable law or court order, each Agent and each Lender shall make reasonable efforts to notify the Borrower of any request by any Governmental Authority or representative thereof; (vi) in connection with any litigation to which any Agent or any Lender is a party; (vii) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, in each case, solely to the extent necessary in connection therewith; or (viii) with the consent of the Administrative Borrower.

Section 12.21 Public Disclosure. Each Loan Party agrees that neither it nor any of its Affiliates will now or in the future issue any press release or other public disclosure using the name of an Agent, any Lender or any of their respective Affiliates or referring to this Agreement or any other Loan Document without the prior written consent of such Agent or such Lender, except to the extent that such Loan Party or such Affiliate is required by any Requirement of Law (in which event, such Loan Party or such Affiliate will consult with such Agent or such Lender before issuing such press release or other public disclosure; provided, that any failure of such Loan party or such Affiliate to consult with such Agent or such Lender shall not result in an Event of Default hereunder). Notwithstanding the foregoing or anything contained herein to the contrary, the Parent or any parent company of the Parent may include a summary of this Agreement or any other Loan Document in, and file copies thereof as exhibits to, any registration statement that it submits or files under the Securities Act of 1933, as amended, or filings it makes or furnishes under the Exchange Act. Each Loan Party hereby authorizes each Agent and each Lender, after consultation with the Borrowers, to advertise the closing of the transactions contemplated by this Agreement, and to make reasonably appropriate announcements of the financial arrangements entered into among the parties hereto, as such Agent or such Lender shall deem reasonably appropriate, including, without limitation, announcements commonly known as tombstones, in such trade publications, business journals, newspapers of general circulation and to such selected parties as such Agent or such Lender shall deem reasonably appropriate.

Section 12.22 Integration. This Agreement, together with the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.

Section 12.23 USA PATRIOT Act. Each Lender that is subject to the requirements of the USA PATRIOT Act hereby notifies the Borrowers that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information

that identifies the entities composing the Borrowers, which information includes the name and address of each such entity and other information that will allow such Lender to identify the entities composing the Borrowers in accordance with the USA PATRIOT Act. Each Loan Party agrees to take such action and execute, acknowledge and deliver at its sole cost and expense, such instruments and documents as any Lender may reasonably require from time to time in order to enable such Lender to comply with the USA PATRIOT Act.

Section 12.24 Keepwell. Each Loan Party, if it is a Qualified ECP Loan Party, then jointly and severally, together with each other Qualified ECP Loan Party, hereby absolutely unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by any Non-Qualifying Party to honor all of such Non-Qualifying Party's obligations under this Agreement or any other Loan Document in respect of Swap Obligations (provided, however, that each Qualified ECP Loan Party shall only be liable under this Section 12.24 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 12.24, or otherwise under this Agreement or any other Loan Document, voidable under applicable law, including applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Loan Party under this Section 12.24 shall remain in full force and effect until payment in full of the Obligations and termination of this Agreement and the other Loan Documents. Each Qualified ECP Loan Party intends that this Section 12.24 constitute, and this Section 12.24 shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support, or other agreement" for the benefit of each other Borrower and Guarantor for all purposes of Section 1a(18(A)(v)(II) of the CEA.

Section 12.25 Released Loan Party. Notwithstanding anything herein to the contrary, a Loan Party (the "Released Loan Party") shall be automatically released from its obligations under this Agreement in the event that all or any portion of the Equity Interests of the Released Loan Party shall be sold, transferred or otherwise disposed pursuant to clauses (i) and (j) of the definition of "Permitted Disposition," and the parties hereby acknowledge and agree that each reference to a "Loan Party" or the "Loan Parties" in this Agreement shall not include such Released Loan Party.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWERS:

XPONENTIAL FITNESS LLC

By: 

Name: John Meloun
Title: CFO

[Signature Page to Financing Agreement]

PARENT:

XPONENTIAL INTERMEDIATE HOLDINGS, LLC

By: /s/ John Meloun
Name: John Meloun
Title: Chief Financial Officer

GUARANTORS:

CLUB PILATES FRANCHISE, LLC

By: /s/ John Meloun
Name: John Meloun
Title: Chief Financial Officer

CYCLEBAR HOLDCO, LLC

By: /s/ John Meloun
Name: John Meloun
Title: Chief Financial Officer

CYCLEBAR FRANCHISING, LLC

By: /s/ John Meloun
Name: John Meloun
Title: Chief Financial Officer

CYCLEBAR WORLDWIDE INC.

By: /s/ John Meloun
Name: John Meloun
Title: Chief Financial Officer

STRETCH LAB FRANCHISE, LLC

By: /s/ John Meloun
Name: John Meloun
Title: Chief Financial Officer

ROW HOUSE FRANCHISE, LLC

By: /s/ John Meloun
Name: John Meloun
Title: Chief Financial Officer

YOGA SIX FRANCHISE, LLC

By: /s/ John Meloun
Name: John Meloun
Title: Chief Financial Officer

[Signature Page to Financing Agreement]

AKT FRANCHISE, LLC

By: /s/ John Meloun
Name: John Meloun
Title: Chief Financial Officer

PB FRANCIDSING, LLC

By: /s/ John Meloun
Name: John Meloun
Title: Chief Financial Officer

STRIDE FRANCHISE, LLC

By: /s/ John Meloun
Name: John Meloun
Title: Chief Financial Officer

XPONENTIAL FITNESS BRANDS INTERNATIONAL, LLC

By: /s/ John Meloun
Name: John Meloun
Title: Chief Financial Officer

COLLATERAL AGENT AND ADMINISTRATIVE AGENT:

CERBERUS BUSINESS FINANCE AGENCY,

By: /s/ Eric Miller
Name: Eric Miller
Title: Senior Managing Director

[Signature Page to Financing Agreement]

LENDERS:

CERBERUS LEVERED IV HOLDINGS LLC

By: /s/ Eric Miller
Name: Eric Miller
Title: Vice President

CERBERUS ASRS HOLDINGS LLC

By: /s/ Eric Miller
Name: Eric Miller
Title: Vice President

CERBERUS KRS LEVERED LOAN OPPORTUNITIES FUND, L.P.

By: Cerberus KRS Levered Opportunities GP, LLC
Its: General Partner

By: /s/ Eric Miller
Name: Eric Miller
Title: Senior Managing Director

CERBERUS PSERS LEVERED LOAN OPPORTUNITIES FUND, L.P.

By: Cerberus PSERS Levered Opportunities GP, LLC
Its: General Partner

By: /s/ Eric Miller
Name: Eric Miller
Title: Senior Managing Director

CERBERUS FSBA HOLDINGS LLC

By: /s/ Eric Miller
Name: Eric Miller
Title: Vice President

[Signature Page to Financing Agreement]

CERBERUS STEPSTONE CREDIT HOLDINGS LLC

By: /s/ Eric Miller
Name: Eric Miller
Title: Vice President

PHILADELPHIA INDEMNITY INSURANCE COMPANY

By: CBF-D Manager, LLC

By: /s/ Eric Miller
Name: Eric Miller
Title: Senior Managing Director

RELIANCE STANDARD LIFE INSURANCE COMPANY

By: CBF-D Manager, LLC

By: /s/ Eric Miller
Name: Eric Miller
Title: Senior Managing Director

Schedule 1.01(A)

Lenders' Commitments

Lenders	Initial Term Loan Commitment	Revolving Credit Commitment	Delayed Draw Term Loan Commitment	Total Commitment
Cerberus Levered IV Holdings LLC	$ 47,867,764.90	$ 2,587,446.74	$ 3,881,170.13	$ 54,336,381.77
Cerberus ASRS Holdings LLC	$ 45,964,674.77	$ 2,484,577.01	$ 3,726,865.52	$ 52,176,117.30
Cerberus KRS Levered Loan Opportunities Fund, L.P.	$ 14,227,905.02	$ 769,075.95	$ 1,153,613.92	$ 16,150,594.89
Cerberus PSERS Levered Loan Opportunities Fund, L.P.	$ 31,289,900.61	$ 1,691,345.98	$ 2,537,018.97	$ 35,518,265.56
Cerberus FSBA Holdings LLC	$ 7,225,822.64	$ 390,585.01	$ 585,877.51	$ 8,202,285.16
Cerberus ND Credit Holdings LLC	$ 16,881,771.62	$ 912,528.20	$ 1,368,792.29	$ 19,163,092.11
Cerberus StepStone Credit Holdings LLC	$ 13,501,408.37	$ 729,805.86	$ 1,094,708.79	$ 15,325,923.02
Philadelphia Indemnity Insurance Company	$ 3,216,300.83	$ 0.00	$ 0.00	$ 3,216,300.83
Reliance Standard Life Insurance Company	$ 4,824,451.24	$ 434,635.25	$ 651,952.87	$ 5,911,039.36
Total	**$ 185,000,000**	**$ 10,000,000**	**$ 15,000,000**	**$ 210,000,000**

Schedule 1.01(B)

Earnouts

1. Cycle Bar cash payments of $5,000,000 and $10,000,000 based upon achieving specific results by September 2022.

2. Stretch Lab Franchise, LLC phantom equity payment to the seller of 20% (share of operational or change of control distributions, subject to distribution thresholds). As a result of the September 2019 settlement, Xponential Fitness LLC will make $6,500,000 in payments to sellers. A payment of $1,000,000 was made in September 2019. Quarterly payments of $687,500 will continue through September 2020. Contingent consideration is $3,508,000.

3. Row House Franchise, LLC phantom equity payment to the seller of 20% (share of operational or change of control distributions, subject to distribution thresholds). Earn-out is recorded as the present value of the estimated $2,760,000 payment, using a discount rate of 8.41%, which approximates Xponential Fitness LLC's borrowing rate and period of 2 years, representing the estimated time to a change of control amount.

4. Yoga Six Franchise, LLC cash payment of $1,000,000 once the 50th franchise studio is operating. Terminates on July 31, 2022.

5. AKT Franchise, LLC phantom equity payment to the seller of 20% (share of operational or change of control distributions, subject to distribution thresholds).

6. Stride Franchise, LLC performance payments to the seller of up to $2,000,000 for the opening of additional studios subject to certain milestones.

7. Club Pilates Franchise, LLC phantom equity payment to the participant pursuant to the Phantom Equity Plan Letter, dated as of September 26, 2017, as amended, supplemented or otherwise modified.

8. Cyclebar Holdco, LLC phantom equity payment to the participant pursuant to the Phantom Equity Plan Letter, dated as of February 27, 2018, as amended, supplemented or otherwise modified.

Schedule 6.01(e)

Capitalization; Subsidiaries

Issuer	Grantor/Holder	Interest to be Pledged	Certificate Nos.
Xponential Fitness LLC	Xponential Intermediate Holdings, LLC	100% of the Membership Interests	N/A
Club Pilates Franchise, LLC	Xponential Fitness LLC	100% of the Membership Interests	N/A
CycleBar Holdco, LLC	Xponential Fitness LLC	100% of the Membership Interests	N/A
CycleBar Franchising, LLC	CycleBar Holdco, LLC	100% of the Membership Interests	N/A
CycleBar Worldwide Inc.	CycleBar Holdco, LLC	665 Common Shares (which constitutes all of the Common Shares held outside of the treasury of the Company)	25
AKT Franchise, LLC	Xponential Fitness LLC	100% of the Membership Interests	N/A
Row House Franchise, LLC	Xponential Fitness LLC	100% of the Membership Interests	N/A
Stretch Lab Franchise, LLC	Xponential Fitness LLC	100% of the Membership Interests	N/A
Yoga Six Franchise, LLC	Xponential Fitness LLC	100% of the Membership Interests	N/A
PB Franchising, LLC	Xponential Fitness LLC	100% of the Membership Interests	N/A
Stride Franchise, LLC	Xponential Fitness LLC	100% of the Membership Interests	N/A
Xponential Fitness Brands International, LLC	Xponential Fitness LLC	100% of the Membership Interests	N/A

Schedule 6.01(f)

Litigation; Commercial Tort Claims

None.

Schedule 6.01(i)

ERISA

None.

Schedule 6.01(l)

Nature of Business

The Loan Parties consist of boutique fitness franchisors in the United States, which partner with franchisees to make specialized workouts in motivating and community-based environments broadly accessible. The Loan Parties provide franchisees extensive support to help maximize the performance of their studios.

Schedule 6.01(o)

Real Property and Facilities

Company	Location	Leasehold or Fee	Lessor or Mortgagee	Lease or Mortgage Term	Other Liens
Club Pilates Franchise, LLC	3001 Red Hill Avenue, Building 1, Suite 103, Costa Mesa CA, 92626	Leasehold	Orange County Department of Education Facilities Corporation	Leased	None
Xponential Fitness LLC	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614	Leasehold	Quintana Office Property, LLC	Leased	None
Stretch Lab Franchise, LLC	30271 Golden Lantern, Suite C, Laguna Niguel, CA 92677	Leasehold	Shea Properties (Laguna Heights Marketplace, LLC)	Leased	None
Club Pilates Franchise LLC	2270 Northwest Parkway #120, Marietta, GA	Leasehold	Avistone Northwest, LLC	Leased	None
Club Pilates Franchise LLC	3186 Pullman St., Costa Mesa, CA 92626 (5275 sf warehouse)	Leasehold	Watermark OC Church	Leased	None
Club Pilates Franchise LLC	3186 Pullman St., Costa Mesa, CA 92626 (3653 sf warehouse expansion)	Leasehold	Watermark OC Church	Leased	None
Club Pilates Franchise LLC	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614	Leasehold	Quintana Office Property, LLC	Leased	None
PB Holdco, LLC	154 Magnolia Street, Spartanburg, SC 29306	Leasehold	Johnson Development Associates, Inc.	Leased	None

Schedule 6.01(q)

Franchise Matters

Material Franchise Agreements	Address	Telephone Number
Master Franchise Agreement, dated as of December 26, 2019, between Xponential Fitness Brands International, LLC (Franchisor) and Club Pilates Japan Co. Ltd. (Master Franchisee)	Marunouchi Kitaguohi Building 9F, 1-6-3 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan	(+91) 03-3214-2110
Master Franchise Agreement between Xponential Fitness Brands International, LLC (Franchisor) and IdeaLink (Singapore) Pte. Ltd. (Master Franchisee)	Pte. Ltd., 15 Nassim Road #04-05, Nassim Park Residences, Singapore 258386	(+65) 9017-7902
Master Franchise Agreement between Xponential Fitness Brands International, LLC (Franchisor) and Steven Christopher Lee (Master Franchisee)	Taman Duta Dua, No. 9, Jakarta Selatan, 12310, Indonesia	(+62) 811-3115-3577
Master Franchise Agreement between Xponential Fitness Brands International, LLC (Franchisor) and First Agility Company, LLC (Master Franchisee)	Ezdihar Building, King AbdulAziz Road, Riyadh, Kingdom of Saudi Arabia	N/A
Master Franchise Agreement between Xponential Fitness Brands International, LLC (Franchisor) and INOS 19-057 (n/k/a LFG – XPO GmbH) (Master Francisee)	Hanauer Landstr. 148a, 60314 Frankfurt am Main, Germany	(+49) 0-69-4080-160-00
Area Development Agreement between PB Franchising, LLC (Franchisor) and PB Metro LLC (Developer)	200 Clarendon St, FL 26th, Boston, MA 02116	N/A

Schedule 6.01(r)

Environmental Matters

None.

Schedule 6.01(s)

Insurance

Insuring Company	Insured	Policy Number	Policy Type
Philadelphia Indemnity Insurance Company and Property and Casualty Insurance Company of Hartford	Xponential Intermediate Holdings, LLC	PHPK1720384-001	Commercial General Liability
Philadelphia Indemnity Insurance Company	Xponential Intermediate Holdings, LLC	PHPK2057991	Automobile Liability and Property Insurance
Philadelphia Indemnity Insurance Company and Property and Casualty Insurance Company of Hartford	Xponential Intermediate Holdings, LLC	PHUB699617	Umbrella Liability
Philadelphia Indemnity Insurance Company and Property and Casualty Insurance Company of Hartford	Xponential Intermediate Holdings, LLC	59 WE AC40C8	Workers Compensation and Employers' Liability

Schedule 6.01(v)

Bank Accounts

Company	Bank or Broker	Address	Account No.	Account Type
Club Pilates Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100, Newport Beach, CA 92660	591001167	Operating
Club Pilates Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591001906	Marketing Fund
Club Pilates Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591004662	Payroll
Club Pilates Franchise, LLC	Pacific Western Bank	130 South State College, Brea, CA 92821	0195121593	Operating
CycleBar Franchising LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002791	Operating
CycleBar Franchising LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002805	Payroll
CycleBar Franchising LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002813	Marketing Fund
AKT Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591003194	Operating
AKT Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591003968	Operating
AKT Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591003798	Operating
AKT Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591003208	Payroll

AKT Marketing Fund	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591005336	Marketing Fund
Pilates Licensing, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591001965	Operating
Row House Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002732	Operating
Row House Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002988	Marketing Fund
Row House Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591003216	Operating
Row House Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002740	Payroll
Stretch Lab Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002589	Operating
Stretch Lab Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002996	Marketing Fund
Stretch Lab Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002597	Payroll
Xponential Fitness LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002503	Operating
Xponential Fitness LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002511	Payroll

Yoga Six Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591003801	Operating
Yoga Six Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591003941	Operating
Yoga Six Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591003828	Payroll
Yoga Six Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591004344	Marketing Fund
Stride Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002112	Operating
Stride Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591004239	Marketing Fund
Stride Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591004247	Payroll
Xponential Fitness Brands International, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591004409	Operating
PB Franchising, LLC	Bank of America	Bank of America, P.O. Box 15284, Wilmington, DE 19850	223015325719	Operating
PB Franchising, LLC	Bank of America	Bank of America, P.O. Box 15284, Wilmington, DE 19850	223015327474	Operating
PB Franchising, LLC	First National Bank	First National Bank, 4040 E. State Street, Hermitage, PA 16148	52313263	Operating
PB Franchising, LLC	First National Bank	First National Bank, 4040 E. State Street, Hermitage, PA 16148	52313301	Operating

Schedule 6.01(w)

Intellectual Property

Patents: None.

Trademarks:

A. U.S. Trademarks

Grantor	Trademark	Trademark Application Number	Trademark Registration Number	Date of Application	Date of Registration
XPONENTIAL FITNESS LLC	XPONENTIAL FITNESS	88133429	NA	9/26/2018	Pending
CLUB PILATES FRANCHISE, LLC		87008560	5090777	4/20/2016	11/29/2016
CLUB PILATES FRANCHISE, LLC	CLUB PILATES	85504045	4255517	12/27/2011	12/4/2012
CLUB PILATES FRANCHISE, LLC		85831838	4406173	1/24/2013	9/24/2013
CLUB PILATES FRANCHISE, LLC		85504071	4190273	12/27/2011	8/14/2012
CLUB PILATES FRANCHISE, LLC		87008677	5320156	4/21/2016	10/31/2017
CLUB PILATES FRANCHISE, LLC		87008581	5320155	4/20/2016	10/31/2017
CLUB PILATES FRANCHISE, LLC		87008564	5337927	4/20/2016	11/21/2017
CLUB PILATES FRANCHISE, LLC	DO PILATES. DO LIFE.	87006969	5337925	4/20/2016	11/21/2017

CLUB PILATES FRANCHISE,	CLUB PILATES	87015270	5304311	4/26/2016	10/10/2017
CLUB PILATES FRANCHISE, LLC	DO PILATES. DO LIFE.	87010187	5337929	4/22/2016	11/21/2017
CLUB PILATES FRANCHISE, LLC	*CLUB PILATES*	87960573	NA	6/13/2018	Pending
CLUB PILATES FRANCHISE, LLC	*CLUB PILATES ON DEMAND*	87960579	NA	6/13/2018	Pending
CLUB PILATES FRANCHISE, LLC		87960583	NA	6/13/2018	Pending
CYCLEBAR FRANCHISING, LLC		88079082	NA	8/15/2018	Pending
CYCLEBAR FRANCHISING, LLC		88078138	NA	8/14/2018	Pending
CYCLEBAR FRANCHISING,		88078098	NA	8/14/2018	Pending
CYCLEBAR FRANCHISING, LLC		88078011	NA	8/14/2018	Pending
CYCLEBAR FRANCHISING, LLC		88012318	NA	6/23/2018	Pending
CYCLEBAR FRANCHISING, LLC	CYCLEBAR	88133435	NA	9/26/2018	Pending
CYCLEBAR FRANCHISING, LLC	CYCLEGIVES	88116285	NA	9/13/2018	Pending
CYCLEBAR FRANCHISING, LLC	LIVSTYL	87627157	NA	9/28/2017	Pending

CYCLEBAR FRANCHISING, LLC	FUEHL	87627148	NA	9/28/2017	Pending
CYCLEBAR FRANCHISING, LLC	CYCLEBAR	86410523	4738832	9/30/2014	5/19/2015
CYCLEBAR FRANCHISING, LLC	CYCLEBAR	86447157	4739161	11/6/2014	5/19/2015
CYCLEBAR FRANCHISING, LLC		86413102	4743218	10/2/2014	5/26/2015
CYCLEBAR FRANCHISING, LLC		86446326	4743707	11/6/2014	5/26/2015
CYCLEBAR FRANCHISING, LLC	CYCLESTAR	86446854	4830243	11/6/2014	10/13/2015
CYCLEBAR FRANCHISING, LLC	CYCLEBEATS	86446489	5070905	11/6/2014	11/1/2016
CYCLEBAR FRANCHISING, LLC	CYCLEGIVING	87009797	5090880	4/21/2016	11/29/2016
CYCLEBAR FRANCHISING, LLC	#CYCLEBAR	86809187	5111052	11/4/2015	12/27/2016
CYCLEBAR FRANCHISING, LLC	CYCLESTATS	86446741	4709859	11/6/2014	3/24/2015
CYCLEBAR FRANCHISING, LLC	CYCLETHEATRE	86446949	4709860	11/6/2014	3/24/2015
Row House Franchise, LLC	ROW HOUSE	88133432	NA	9/26/2018	Pending
Row House Franchise, LLC	THOSE WHO KNOW ROW	86683877	4939334	7/6/2015	4/19/2016
Row House Franchise, LLC	ROW HOUSE	85934189	4540112	10/15/2013	5/27/2014
Stretch Lab Franchise	FLEXOLOGIST	88133430	NA	9/26/2018	Pending
Stretch Lab Franchise	FLEXOLOGIST	87028974	5312544	5/8/2016	10/17/2017

Stretch Lab Franchise	STRETCH LAB	86660848	5177075	6/12/2015	4/4/2017
AKT Franchise, LLC	AKT	88133442	NA	9/26/2018	Pending
AKT Franchise, LLC	AKT	86213677	4973633	03/06/2014	06/07/2016
AKT Franchise, LLC	AKT INMOTION	86056839	4583113	09/05/2013	08/12/2014
AKT Franchise, LLC	Happy Hour	87822554	Pending	03/06/2018	Pending
AKT Franchise, LLC	Cardiography	87822602	Pending	03/06/2018	Pending
AKT Franchise, LLC	Sweat Dream	87822458	Pending	03/06/2018	Pending
Yoga Six Franchise, LLC		85641094	4320101	06/01/2012	04/16/2013
Yoga Six Franchise, LLC		85641117	4320102	06/01/2012	04/16/2013
Yoga Six Franchise, LLC	YOGA SIX	86694345	4901700	07/15/2015	02/16/2016
Yoga Six Franchise, LLC	STRENGTHEN YOUR SELF	86693733	5110674	07/15/2015	12/27/2016
Yoga Six Franchise, LLC		86693951	5205451	07/15/2015	07/19/2016
PB Franchising, LLC	PURE EMPOWER	87978124	NA	6/19/2017	Pending
PB Franchising, LLC	PURE EMPOWER	87495383	NA	6/19/2017	Pending

PB Franchising, LLC	PURE BARRE ON DEMAND	87606570	NA	9/13/2017	Pending
PB Franchising, LLC	PURE FOUNDATIONS	87495392	NA	6/19/2017	Pending
PB Franchising, LLC	PURE REFORM	87613131	NA	9/18/2017	Pending
PB Franchising, LLC	THIS IS OUR TIME.	87606577	NA	9/13/2017	Pending
PB Franchising, LLC	PURE FOUNDATIONS	87495405	5462386	6/19/2017	5/8/2018
PB Franchising, LLC	SMALL MOVEMENTS. BIG CHANGE.	87606581	NA	9/13/2017	Pending
PB Franchising, LLC	PURE FOUNDATIONS	87495411	5379539	6/19/2017	1/16/2018
PB Franchising, LLC		86305123	4671314	6/10/2014	1/13/2015
PB Franchising, LLC	BREAKING DOWN THE BARRE	85923833	4451376	5/6/2013	12/17/2013
PB Franchising, LLC	lift • tone • burn	85873922	4608054	3/12/2013	9/23/2014
PB Franchising, LLC	PURE BARRE	85861416	4431632	2/27/2013	11/12/2013
PB Franchising, LLC		85861310	4431630	2/27/2013	11/12/2013
PB Franchising, LLC	PURE BARRE	77458033	3553370	4/25/2008	12/30/2008
PB Franchising, LLC		86305123	4671314	6/10/2014	01/13/2015
CB IP, LLC State of Organization: Ohio	CYCLE BAR	85288947	4738832	04/07/2011	05/19/2015

AKT Franchise, LLC	AKT drawing	88723503		12/11/2019	Pending
AKT Franchising, LLC	AKT GO	88710378		11/29/2019	Pending
Stretch Lab Franchise, LLC	LAB GO and DESIGN	88710370		11/29/2019	Pending
Stretch Lab Franchise, LLC	STRETCHLAB and DESIGN	88723829		12/11/2019	Pending
Yoga Six Franchise, LLC	Y6GO and DESIGN	88710361		11/29/2019	Pending
Yoga Six Franchise, LLC	Y6 YOGASIX and DESIGN	88723864		12/11/2019	Pending
Row House Franchise, LLC	RESOLVE 2 ROW	88437945		09/10/2019	Pending
Row House Franchise, LLC	ROW HOUSE and DESIGN	88723445		12/11/2019	Pending
Row House Franchise, LLC	ROWVEMBER	88437952		05/20/2019	Pending
Row House Franchise, LLC	W GO and DESIGN	88710384		11/29/2019	Pending
Stride Franchise, LLC	STRIDE	88118183	5733165	09/14/2018	04/23/2019

Copyrights: AKT Franchise, LLC's website, photographs, DVDs, videos, and marketing materials (all unregistered).

Grantor	Title	Reg. No.	Date	Country
PB Franchising, LLC	P4 teaching training manual.	TX0007918310	2014	United States
PB Franchising, LLC	Pure barre 16th Street: 1.	PA0001834541	2010	United States
PB Franchising, LLC	Pure Barre 16th Street: 1 / by Pure Barre Franchising, LLC.	PA0001398418	2013	United States
PB Franchising, LLC	Pure Barre 16th Street: 1 / by Pure Barre Franchising, LLC.	PA0001398413	2013	United States
PB Franchising, LLC	Pure barre 16th Street: 2.	PA0001834542	2010	United States
PB Franchising, LLC	Pure barre Flatirons: 1.	PA0001834546	2011	United States
PB Franchising, LLC	Pure Barre Flatirons: 1 / by Pure Barre Franchising, LLC.	PA0001398419	2013	United States
PB Franchising, LLC	Pure barre Flatirons: 2.	PA0001834545	2011	United States
PB Franchising, LLC	Pure Barre Flatirons: 2 / by Pure Barre Franchising, LLC.	PA0001398420	2013	United States
PB Franchising, LLC	Pure barre Lowry Lofts: 1.	PA0001834518	2010	United States
PB Franchising, LLC	Pure Barre Lowry Lofts: 1 / by Pure Barre Franchising, LLC.	PA0001398415	2013	United States
PB Franchising, LLC	Pure barre Lowry Lofts: 2.	PA0001834520	2010	United States
PB Franchising, LLC	Pure Barre Lowry Lofts: 2 / by Pure Barre Franchising, LLC.	PA0001398414	2013	United States
PB Franchising, LLC	Pure barre Mile High: 1.	PA0001834535	2011	United States

PB Franchising, LLC	Pure Barre Mile High: 1 / by Pure Barre Franchising, LLC.	PA0001398421	2013	United States
PB Franchising, LLC	Pure barre Mile High: 2.	PA0001905317	2011	United States
PB Franchising, LLC	Pure Barre Mile High: 2 / by Pure Barre Franchising, LLC.	PA0001398425	2013	United States
PB Franchising, LLC	Pure barre P1 teacher training manual.	TX0007679563	2009	United States
PB Franchising, LLC	Pure barre P2 teacher training manual.	TX0007679562	2009	United States
PB Franchising, LLC	Pure barre P3 teacher training manual.	TX0007675833	2011	United States
PB Franchising, LLC	Pure barre Pershing Square: 1.	PA0001834496	2009	United States
PB Franchising, LLC	Pure Barre Pershing Square: 1 / by Pure Barre Franchising, LLC.	PA0001398416	2013	United States
PB Franchising, LLC	Pure barre Pershing Square: 2.	PA0001834499	2009	United States
PB Franchising, LLC	Pure Barre Pershing Square: 2 / by Pure Barre Franchising, LLC.	PA0001398424	2013	United States
PB Franchising, LLC	Pure barre Prenatal: 1.	PA0001834538	2012	United States
PB Franchising, LLC	Pure Barre Prenatal: 1 / by Pure Barre Franchising, LLC.	PA0001398417	2013	United States
PB Franchising, LLC	Pure barre Prenatal: 2.	PA0001834537	2012	United States
PB Franchising, LLC	Pure Barre Prenatal: 2 / by Pure Barre Franchising, LLC.	PA0001398423	2013	United States
PB Franchising, LLC	Pure barre STUDIO SERIES: 1 and 2.	PA0001901757	2013	United States
PB Franchising, LLC	Pure barre STUDIO SERIES: 3 pure barre STUDIO SERIES: 4.	PA0001958129	2014	United States
PB Franchising, LLC	PURE RESULTS - FEATURE FOCUS: SEAT PURE RESULTS - FEATURE FOCUS: ABS.	PA0001955062	2015	United States
PB Franchising, LLC	Pure Barre Studio Series: 1 and 2 / by Pure Barre Franchising, LLC	PA0001398422	2015	United States

Schedule 6.01(x)

Material Contracts

Contract/Agreement	Parties Thereto	Subject Matter	Amendments
Master Services Agreement, dated December 28, 2018	Xponential Fitness LLC Cushman & Wakefield U.S., Inc.	Remodel project management services	N/A
Services Agreement, dated March 1, 2018	PB Product, LLC Next Level Resources Partners, LLC	Order fulfillment and other warehousing services	N/A
Services agreement letter, dated April 9, 2019	Xponential Fitness LLC (collectively with its subsidiaries and affiliates) ICR Capital, LLC	Marketing Services and Capital Markets Advisory Services	N/A
Master Vendor Agreement, dated December 31, 2019	Xponential Fitness LLC (collectively with other Xponential brands) ClubReady, LLC	Software, payment, and other technology products and services	N/A
Office Lease, dated as of November 16, 2017	Xponential Fitness LLC ("Tenant") Quintana Office Property LLC ("Landlord")	Approximately 26,273 rentable (22,309 usable) square feet, consisting of Suites 100 and 150 in Building B, located at 17877 Von Karman, Irvine, CA	First Amendment to Lease, dated as of December 13, 2018: Expansion of 10,006 rentable (8,225 usable) square feet (i.e., a total of 36,279 rentable (30,534 usable) square feet)
Sublease, dated June 1, 2019	Club Pilates Franchise, LLC ("Sublessee") Watermark OC Church ("Sublessor")	Warehouse and storage of apparel and other items associated with Club Pilates Franchise, LLC or other related entities at 3186 Pullman Street, Costa Mesa, CA, 92626	N/A
Letter agreement, dated December 30, 2019	Xponential Fitness, Club Pilates Franchise, LLC, CycleBar Franchising, LLC, PB Franchising, LLC ("Xponential Parties") Clubessential Holdings, LLC, ClubReady, LLC ("Clubessential Parties")	Settlement to resolve system and hardware claims	N/A

Schedule 6.01(dd)

Name; Jurisdiction of Organization; Organizational ID Number; Chief Place of Business; Chief Executive Office; FEIN

Company Name	State of Organization	Federal Employer I.D.	Organizational I.D.	Chief Executive Office	Chief Place of Business
Xponential Intermediate Holdings, LLC	Delaware	84-4848036	7859951	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614
Xponential Fitness LLC	Delaware	82-2858491	6508612	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614
Club Pilates Franchise, LLC	Delaware	47-3380223	5706045	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614
CycleBar Holdco, LLC	Delaware	82-2735288	6527735	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614
CycleBar Franchising, LLC	Ohio	46-5766610	2283131	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614
CycleBar Worldwide Inc.	Ohio	47-5253532	2414068	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614
AKT Franchise, LLC	Delaware	35-2620635	6784863	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614
Row House Franchise, LLC	Delaware	82-3600175	6645634	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614

Stretch Lab Franchise, LLC	Delaware	82-2895286	6566497	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614
Yoga Six Franchise, LLC	Delaware	83-1275944	6964504	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614
PB Franchising, LLC	Delaware	46-1047606	5215896	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614
Stride Franchise, LLC	Delaware	82-2858652	7191052	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614
Xponential Fitness Brands International, LLC	Delaware	83-2482527	7124440	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614	17877 Von Karman Avenue, Suite 100, Irvine, CA 92614

Schedule 6.01(ee)

Collateral Locations

1. 17877 Von Karman Avenue, Suite 100, Irvine, CA 92614
2. 3186 Pullman Street, Costa Mesa, CA, 92626

SCHEDULE 7.01(s)

Post-Closing Obligations

1. Within 60 days after the Effective Date (or such later date as may be permitted by the Agents in their sole discretion), the Agents shall have received shifting Account Control Agreements, each in form and substance reasonably satisfactory to the Agents, with respect to the Cash Management Accounts existing on the Effective Date.

2. Within 30 days of the Effective Date (or such later date as may be permitted by the Agents in their sole discretion), the Agents shall have received endorsements in form and substance reasonably acceptable to the Agents naming the Collateral Agent as named insured, first mortgagee or loss payee, as the case may be, under the insurance policies listed on Schedule 6.01(s) as required under Section 7.01(h) and providing that such policies may be terminated or canceled (by the insurer or the insured thereunder) only upon 30 days' prior written notice to the Collateral Agent and each such named insured, first mortgagee or loss payee.

3. Within 60 days after the Effective Date (or such later date as may be permitted by the Agents in their sole discretion), the Loan Parties shall have used commercially reasonable efforts to deliver Landlord Waivers to the Agents, each in form and substance reasonably satisfactory to the Agents, with respect to (a) the leased property of the Loan Parties located at 17877 Von Karman Avenue, Irvine, CA 92614 and (b) any other leased property of the Loan Parties in which any Collateral with a book value in excess of $500,000 is located.

4. Within 90 days of the Effective Date (or such later date as may be permitted by the Agents in their sole discretion), the Agents shall have received a Mortgage and the other applicable Real Property Deliverables with respect to any real property (located in the United States) owned by the Loan Parties with a value in excess of $500,000.

5. Within 5 Business Days of the Effective Date (or such later date as may be permitted by the Agents in their sole discretion), the Agents shall have received satisfactory evidence of the termination of state tax liens against Cycle Bar Franchising, LLC in favor of the State of Ohio (Case Numbers: CJ19003737, CJ19008065, CJ19008633, CJ19013194, CJ20006564 and CJ20006763).

6. Within 30 days of the Effective Date (or such later date as may be permitted by the Agents in their sole discretion), the Agents shall have received satisfactory evidence that certain Intellectual Property set forth Schedule 6.01(w) shall have been properly assigned to a Loan Party, and documents sufficient to effect and reflect record ownership in the name of such Loan Party shall have been filed with the United States Patent and Trademark Office and United States Copyright Office, as applicable.

Schedule 7.02(a)

Existing Liens

1. Sales tax lien granted by the State of Ohio and dated as of March 19, 2019, against CycleBar Franchising, LLC (Document No. CJ19003737).

2. Sales tax lien granted by the State of Ohio and dated as of June 18, 2019, against CycleBar Franchising, LLC (Document No. CJ19008065).

3. Sales tax lien granted by the State of Ohio and dated as of June 25, 2019, against CycleBar Franchising, LLC (Document No. CJ19008633).

4. Sales tax lien granted by the State of Ohio and dated as of September 5, 2019, against CycleBar Franchising, LLC (Document No. CJ19013194).

5. Sales tax lien granted by the State of Ohio and dated as of January 29, 2020, against CycleBar Franchising, LLC (Document No. CJ20006564).

6. Sales tax lien granted by the State of Ohio and dated as of January 30, 2020, against CycleBar Franchising, LLC (Document No. CJ20006763).

Schedule 7.02(b)

Existing Indebtedness

1. General Agreement of Indemnity, dated as of June 29, 2019, by H&W Franchise Holdings LLC, Xponential Fitness LLC, St. Gregory Holdco, LLC and Anthony Geisler, as indemnitors, in favor of XL Specialty Insurance Company and XL Reinsurance America Inc., as surety in connection with any bonds executed or procured for on behalf of any of the indemnitors.

Schedule 7.02(c)

Capitalized Lease Obligations

1. Forklift in warehouse at 3186 Pullman Street, Costa Mesa, CA, 92626.
2. Printers at 17877 Von Karman Avenue, Suite 100, Irvine, CA 92614.

Schedule 7.02(e)

Existing Investments

1. Schedule 6.01(e) is incorporated herein by reference.

2. Franchisee Loan by Club Pilates Franchise, LLC, as lender, to Pallatroni Ventures Inc., as debtor, dated as of September 5, 2017, with an outstanding principal balance of $187,810.37.

3. Secured Promissory Note dated December 8, 2017 in the principal amount of $1,500,000 between Row House Franchise, LLC as lender and Row House Holdings, Inc., EVF RH Staffing, Inc., EVF Row House Inc., and Row House CC, LLC as borrowers.

4. Secured Promissory Note dated May 10, 2019 in the principal amount of $150,000 between Xponential Fitness LLC as lender and Richard Feinberg as borrower.

5. Secured Promissory Note dated August 16, 2019 in the principal amount of $500,000 between Xponential Fitness LLC as lender and Ryan Junk and Lindsay Junk as borrowers.

Schedule 7.02(j)

Transactions with Affiliates

None.

Schedule 7.02(k)

Limitations on Dividends and Other Payment Restrictions

None.

Schedule 8.01

Cash Management Banks/Cash Management Accounts

Company	Bank or Broker	Address	Account No.	Account Type
Club Pilates Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100, Newport Beach, CA 92660	591001167	Operating
Club Pilates Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591001906	Marketing Fund
Club Pilates Franchise, LLC	Pacific Western Bank	130 South State College, Brea, CA 92821	0195121593	Operating
CycleBar Franchising LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002791	Operating
CycleBar Franchising LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002813	Marketing Fund
AKT Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591003194	Operating
AKT Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591003968	Operating
AKT Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591003798	Operating
AKT Marketing Fund	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591005336	Marketing Fund
Pilates Licensing, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591001965	Operating
Row House Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002732	Operating

Row House Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002988	Marketing Fund
Row House Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591003216	Operating
Stretch Lab Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002589	Operating
Stretch Lab Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002996	Marketing Fund
Xponential Fitness LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002503	Operating
Yoga Six Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591003801	Operating
Yoga Six Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591003941	Operating
Yoga Six Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591004344	Marketing Fund
Stride Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591002112	Operating
Stride Franchise, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591004239	Marketing Fund
Xponential Fitness Brands International, LLC	Citizens Business Bank	1401 Dove Street, Suite 100 Newport Beach, CA 92660	591004409	Operating

PB Franchising, LLC	Bank of America	Bank of America, P.O. Box 15284, Wilmington, DE 19850	223015325719	Operating
PB Franchising, LLC	Bank of America	Bank of America, P.O. Box 15284, Wilmington, DE 19850	223015327474	Operating
PB Franchising, LLC	First National Bank	First National Bank, 4040 E. State Street, Hermitage, PA 16148	52313263	Operating
PB Franchising, LLC	First National Bank	First National Bank, 4040 E. State Street, Hermitage, PA 16148	52313301	Operating

EXHIBIT A

FORM OF JOINDER AGREEMENT

THIS JOINDER AGREEMENT, dated as of _____ (this "Agreement"), to that certain Financing Agreement dated as of February 28, 2020 (such agreement, as amended, restated, supplemented or otherwise modified from time to time, being hereinafter referred to as the "Financing Agreement") by and among Xponential Intermediate Holdings, LLC, a Delaware limited liability company (the "Parent"), Xponential Fitness LLC, a Delaware limited liability company ("XF"), each Subsidiary (as defined therein) of Parent listed as a "Borrower" on the signature pages thereto (together with XF and each other Person that executes a joinder agreement and becomes a "Borrower" thereunder, each a "Borrower" and collectively, the "Borrowers"), each other Subsidiary of Parent listed as a "Guarantor" on the signature pages thereto (together with Parent and each other Person that executes a joinder agreement and becomes a "Guarantor" thereunder, each a "Guarantor" and collectively, the "Guarantors"), the lenders from time to time party thereto (each a "Lender" and collectively, the "Lenders"), Cerberus Business Finance Agency, LLC, a Delaware limited liability company ("Cerberus"), as collateral agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent") and Cerberus, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents"), is being entered into by and among the Loan Parties, the Agents and [NAME OF ADDITIONAL [BORROWER][GUARANTOR]], a _____ (the "Additional [Borrower][Guarantor]").

WHEREAS, the Parent, each Borrower [(other than the Additional Borrower)], the Guarantors [(other than the Additional Guarantor)], the Lenders and the Agents have entered into the Financing Agreement, pursuant to which the Lenders have agreed to make loans to the Borrowers (each a "Loan" and collectively the "Loans") in an aggregate principal amount not to exceed the Total Commitment (as defined under the Financing Agreement);

WHEREAS, the Borrowers' obligation to repay the Loans and all other Obligations are guaranteed, jointly and severally, by the Guarantors;

WHEREAS, pursuant to Section 7.01(b)(i)(A) of the Financing Agreement, the Additional [Borrower][Guarantor] is required to become a [Borrower][Guarantor] by, among other things, executing and delivering this Agreement to the Collateral Agent; and

WHEREAS, the Additional [Borrower][Guarantor] has determined that the execution, delivery and performance of this Agreement directly benefit, and are within the corporate purposes and in the best interests of, the Additional [Borrower][Guarantor].

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Definitions. Reference is hereby made to the Financing Agreement for a statement of the terms thereof. All terms used in this Agreement which are defined therein and not otherwise defined herein shall have the same meanings herein as set forth therein.

SECTION 2. Joinder of Additional [Borrower][Guarantor].

(a) Pursuant to Section 7.01(b)(i)(A) of the Financing Agreement, by its execution of this Agreement, the Additional [Borrower][Guarantor] hereby (i) confirms that the representations and warranties contained in Article VI of the Financing Agreement are true and correct in all material respects as to the Additional [Borrower][Guarantor] as of the effective date of this Agreement, except to the extent that any such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct in all material respects on and as of such earlier date), and (ii) agrees that, from and after the effective date of this Agreement, the Additional [Borrower][Guarantor] shall be a party to the Financing Agreement and shall be bound, as a [Borrower][Guarantor], by all the provisions thereof and shall comply with and be subject to all of the terms, conditions, covenants, agreements and obligations set forth therein and applicable to the [Borrowers][Guarantors], [including, without limitation, the guaranty of the Obligations made by the Guarantors, jointly and severally with the other Loan Parties, in favor of the Agents and the Lenders pursuant to Article XI of the Financing Agreement]. The Additional [Borrower][Guarantor] hereby agrees that from and after the effective date of this Agreement each reference to a ["Borrower"]["Guarantor"] or a "Loan Party" and each reference to the ["Borrowers"]["Guarantors"] or the "Loan Parties" in the Financing Agreement shall include the Additional [Borrower][Guarantor].

(b) Attached hereto are supplements to each Schedule to the Financing Agreement revised to include all information required to be provided therein with respect to, and only with respect to, the Additional [Borrower][Guarantor]. The Schedules to the Financing Agreement shall, without further action, be amended to include the information contained in each such supplement.

SECTION 3. Effectiveness. This Agreement shall become effective upon its execution by the Additional [Borrower][Guarantor], each Borrower, each Guarantor and each Agent and receipt by the Agents of the following, in each case in form and substance reasonably satisfactory to the Agents:

(i) original counterparts to this Agreement, duly executed by each Borrower, each Guarantor, the Additional [Borrower][Guarantor] and the Agents, together with the Schedules referred to in Section 2(b) hereof;

(ii) a Supplement to the Security Agreement, substantially in the form ofExhibit C to the Security Agreement (the "Security Agreement Supplement"), duly executed by the Additional [Borrower][Guarantor], and any instruments of assignment or other documents required to be delivered to the Agents pursuant to the terms thereof;

(iii) a Pledge Amendment to the Security Agreement to which the parent company of the Additional [Borrower][Guarantor] is a party, in substantially the form of Exhibit A thereto, duly executed by such parent company and providing for 100% of the issued and outstanding Equity Interests of the Additional [Borrower][Guarantor] to the extent required to be pledged to the Collateral Agent pursuant to the terms thereof;

(iv) (A) certificates, if any, representing 100% of the issued and outstanding Equity Interests of the Additional [Borrower][Guarantor] and each Subsidiary of the Additional [Borrower][Guarantor] (other than (1) the Equity Interests of any Immaterial Subsidiary or (2) more than 65% of the voting Equity Interests of any Foreign Subsidiary) and (B) all original promissory notes of such Additional [Borrower][Guarantor], if any, in each case to the extent required to be delivered under the Loan Documents, in each case, accompanied by instruments of assignment and transfer in such form as the Collateral Agent may reasonably request;

(v) to the extent required under the Financing Agreement (A) a Mortgage, in form and substance reasonably satisfactory to the Collateral Agent (the "Additional Mortgage"), duly executed by the Additional [Borrower][Guarantor], with respect to the real property owned by the Additional [Borrower][Guarantor], (B) a Title Insurance Policy covering such real property, (C) a current ALTA survey thereof and a surveyor's certificate, each in form and substance reasonably satisfactory to the Collateral Agent, together with such other agreements, instruments and documents as the Collateral Agent may reasonably require under Section 7.01(o) of the Financing Agreement or otherwise;

(vi) evidence reasonably satisfactory to the Collateral Agent of the filing of appropriate financing statements on FormUCC-1 duly filed in such office or offices as may be necessary to perfect the security interests purported to be created by the Security Agreement Supplement and any Mortgage; and

(vii) if requested pursuant to Section 7.01(b), a written opinion of counsel to the Loan Parties as to such matters as the Agents may reasonably request.

SECTION 4. Notices, Etc. All notices and other communications provided for hereunder shall be in writing and shall be mailed (by certified mail, postage prepaid and return receipt requested), telecopied (including electronic mail) or delivered by hand, Federal Express or other reputable overnight courier, if to the Additional [Borrower][Guarantor], to it at its address set forth below its signature to this Agreement, and if to any Borrower, any Guarantor, any Lender or any Agent, to it at its address specified in the Financing Agreement or Joinder Agreement (as applicable); or as to any such Person at such other address as shall be designated by such Person in a written notice to such other Person complying as to delivery with the terms of this Section 4. All such notices and other communications shall be effective in accordance with Section 12.01 of the Financing Agreement.

SECTION 5. General Provisions. (a) Each Additional [Borrower][Guarantor], hereby confirms that each representation and warranty made by it under the Loan Documents is true and correct in all material respects as of the date hereof, except to the extent that any such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct in all material respects on and as of such earlier date), and that no Default or Event of Default has occurred or is continuing under the Financing

Agreement. Each Additional [Borrower][Guarantor], hereby represents and warrants that as of the date hereof there are no material claims or offsets against or defenses or counterclaims to their respective obligations under the Financing Agreement or any other Loan Document.

(b) Except as supplemented hereby, the Financing Agreement and each other Loan Document shall continue to be, and shall remain, in full force and effect. This Agreement shall not be deemed (i) to be a waiver of, or consent to, or a modification or amendment of, any other term or condition of the Financing Agreement or any other Loan Document or (ii) to prejudice any right or rights which the Agents or the Lenders may now have or may have in the future under or in connection with the Financing Agreement or the other Loan Documents or any of the instruments or agreements referred to therein, as the same may be amended, restated, supplemented or otherwise modified from time to time.

(c) The Additional [Borrower][Guarantor] hereby expressly (i) authorizes the Collateral Agent to file appropriate financing statements or continuation statements, and amendments thereto, (including without limitation, any such financing statements that indicate the Collateral as "all assets" or words of similar import) in such office or offices as may be necessary or, in the reasonable opinion of the Collateral Agent, desirable to perfect the Liens to be created by the Security Agreement Supplement and each of the other Loan Documents and (ii) ratifies such authorization to the extent that the Collateral Agent has filed any such financing or continuation statements or amendments thereto with written notice thereof to the Parent and the Borrowers, prior to the date hereof. A photocopy or other reproduction of the Security Agreement Supplement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(d) To the extent required under Section 12.04 of the Financing Agreement, each Borrower hereby agrees to pay or reimburse the Agents for all of their reasonable and documented out-of-pocket costs and expenses incurred in connection with the preparation, negotiation and execution of this Agreement, including, without limitation, the reasonable and documented out-of-pocket fees and disbursements of one outside counsel and one local counsel in each relevant jurisdiction, in the manner and to the extent set forth in the Financing Agreement.

(e) This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by telecopier or electronic transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement.

(f) Section headings in this Agreement are included herein for the convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(g) In addition to and without limitation of any of the foregoing, this Agreement shall be deemed to be a Loan Document and shall otherwise be subject to all of the terms and conditions contained in Section 12.09, Section 12.10 and Section 12.11 of the Financing Agreement, *mutatis mutandis*.

(h) This Agreement, together with the Financing Agreement and the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and thereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWERS:

XPONENTIAL FITNESS LLC

By: _____
Name:
Title:

GUARANTORS:

XPONENTIAL INTERMEDIATE HOLDINGS, LLC

By: _____
Name:
Title:

CLUB PILATES FRANCHISE, LLC

By: _____
Name:
Title:

CYCLEBAR HOLDCO, LLC

By: _____
Name:
Title:

STRETCH LAB FRANCHISE, LLC

By: _____
Name:
Title:

ROW HOUSE FRANCHISE, LLC

By: _____
Name:
Title:

YOGA SIX FRANCHISE, LLC

By: _____
Name:
Title:

AKT FRANCHISE, LLC

By: _____
Name:
Title:

PB FRANCHISING, LLC

By: _____
Name:
Title:

STRIDE FRANCHISE, LLC

By: _____
Name:
Title:

XPONENTIAL FITNESS BRANDS INTERNATIONAL, LLC

By: _____
Name:
Title:

CYCLEBAR WORLDWIDE INC.

By: _____
Name:
Title:

CYCLEBAR FRANCHISING, LLC

By: _____
Name:
Title:

COLLATERAL AGENT AND
ADMINISTRATIVE AGENT:

CERBERUS BUSINESS FINANCE AGENCY, LLC

By: _____
Name:
Title:

[Signature Page to Joinder Agreement]

ADDITIONAL [BORROWER][GUARANTOR]:

[_____]

By: _____
Name:
Title:

Address:

_____

_____

_____

[Signature Page to Joinder Agreement]

Supplemental Schedules

[See attached]

EXHIBIT B

FORM OF NOTICE OF BORROWING

XPONENTIAL FITNESS LLC

Date: _____

Cerberus Business Finance Agency, LLC, as Administrative Agent

Cerberus Business Finance Agency, LLC
875 Third Avenue
New York, New York 10022
Attention: Mr. Timothy Fording

Ladies and Gentlemen:

The undersigned, Xponential Fitness LLC, a Delaware limited liability company (the "Administrative Borrower"), refers to the Financing Agreement, dated as of February 28, 2020 (such agreement, as amended, restated, supplemented or otherwise modified from time to time, including any replacement agreement therefor, being hereinafter referred to as the "Financing Agreement"), by and among Xponential Intermediate Holdings, LLC, a Delaware limited liability company (the "Parent"), the Administrative Borrower each Subsidiary (as defined therein) of Parent listed as a "Borrower" on the signature pages thereto (together with the Administrative Borrower and each other Person that executes a joinder agreement and becomes a "Borrower" thereunder, each a "Borrower" and collectively, the "Borrowers"), each other Subsidiary of Parent listed as a "Guarantor" on the signature pages thereto (together with Parent and each other Person that executes a joinder agreement and becomes a "Guarantor" thereunder, each a "Guarantor" and collectively, the "Guarantors"), the lenders from time to time party thereto (each a "Lender" and collectively, the "Lenders"), Cerberus Business Finance Agency, LLC, a Delaware limited liability company ("Cerberus"), as collateral agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent") and Cerberus, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents"), and hereby gives you notice pursuant to Section 2.02 of the Financing Agreement that the undersigned hereby requests a Loan under the Financing Agreement (the "Proposed Loan"), and in connection therewith sets forth below the information relating to such Proposed Loan as required by Section 2.02 of the Financing Agreement. All capitalized terms used but not defined herein have the same meanings herein as set forth in the Financing Agreement.

(i) The aggregate principal amount of the Proposed Loan is $____.[1]

(ii) [The Proposed Loan is a [Revolving Loan][Term Loan].]

(iii) The Proposed Loan is a [Reference Rate Loan] [LIBOR Rate Loan, with an initial Interest Period of__month[s]].[2]

(iv) The borrowing date of the Proposed Loan is_____, 20 .[3]

(v) The proceeds of the Proposed Loan should be made available to the undersigned by wire transferring such proceeds in accordance with the payment instructions set forth on Annex I hereto.

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1 Each Revolving Loan shall be made in a minimum amount of $1,000,000 and shall be in an integral multiple of $500,000.

2 Interest Period must be one, two, or three months.

3 3 This date must be a Business Day, and, with respect to the Term Loan, must be the Effective Date.

The undersigned hereby certifies, as of the date the Proposed Loan is made, that (i) the representations and warranties contained in ARTICLE VI of the Financing Agreement and in each other Loan Document delivered to any Agent or any Lender pursuant thereto on or prior to the date of the Proposed Loan are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such date as though made on and as of such date, except to the extent that any such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date), (ii) no Event of Default has occurred and is continuing or will result from the making of the Proposed Loan, and (iii) the applicable conditions set forth in [Section 5.01][4] [Section 5.02][5] of the Financing Agreement have been satisfied as of the date of the Proposed Loan.

Very truly yours,

XPONENTIAL FITNESS LLC, as
Administrative Borrower

By: _____
Name:
Title:

4 For borrowings on the Effective Date only.
5 For borrowings after the Effective Date only.

ANNEX I

Payment Instructions/Use of Proceeds

The Administrative Agent is hereby directed by the Administrative Borrower, on its behalf and on behalf of the other Borrowers, to make the following transfers of funds on behalf of and at the direction of the Administrative Borrower:

1. $____, representing a portion of the proceeds of the Loans, to_____in accordance with the following wire instructions:

Name of Bank:

ABA No:
Account Name:
Attention:
Account No:
Ref:

EXHIBIT C

FORM OF LIBOR NOTICE

_____ __, ____

Cerberus Business Finance Agency, LLC, as Administrative Agent
875 Third Avenue
New York, New York 10022
Attention: Mr. Timothy Fording

Ladies and Gentlemen:

Reference is hereby made to the Financing Agreement, dated as of February 28, 2020 (as amended, restated, supplemented or otherwise modified from time to time, including any replacement agreement therefor, the "Financing Agreement"), by and among Xponential Intermediate Holdings, LLC, a Delaware limited liability company (the "Parent"), Xponential Fitness LLC, a Delaware limited liability company ("XF"), each Subsidiary (as defined therein) of Parent listed as a "Borrower" on the signature pages thereto (together with XF and each other Person that executes a joinder agreement and becomes a "Borrower" thereunder, each a "Borrower" and collectively, the "Borrowers"), each other Subsidiary of Parent listed as a "Guarantor" on the signature pages thereto (together with Parent and each other Person that executes a joinder agreement and becomes a "Guarantor" thereunder, each a "Guarantor" and collectively, the "Guarantors"), the lenders from time to time party thereto (each a "Lender" and collectively, the "Lenders"), Cerberus Business Finance Agency, LLC, a Delaware limited liability company ("Cerberus"), as collateral agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent") and Cerberus, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents"). Capitalized terms defined in the Financing Agreement and not otherwise defined herein are used herein as defined in the Financing Agreement.

This LIBOR Notice represents the request of the Administrative Borrower to [convert] [continue] a portion of the [Term Loan] [Revolving Loan] in the amount of $_____as a LIBOR Rate Loan (the "New LIBOR Rate Loan")[,and is a written confirmation of the telephonic notice of such election given to the Administrative Agent].

The portion of the [Term Loan][Revolving Loan] being so [continued] [converted] is [currently a [Reference Rate Loan] [a LIBOR Rate Loan with an Interest Period of [1, 2, or 3] month[s] expiring on_____].

The New LIBOR Rate Loan will have an Interest Period of [1, 2, or 3] month(s) commencing on_____.

This LIBOR Notice further confirms the Borrowers' acceptance of the Administrative Agent's determination of the LIBOR Rate, which has been determined by the Administrative Agent in accordance with the terms of the Financing Agreement.

[*Remainder of page intentionally left blank.*]

The Administrative Borrower hereby certifies, on its behalf and on behalf of the other Borrowers, that no Event of Default has occurred and is continuing or will result from the [conversion] [continuation] of the New LIBOR Rate Loan or will occur or be continuing on the date of the New LIBOR Rate Loan.

Very truly yours,

XPONENTIAL FITNESS LLC, as
Administrative Borrower

By: _____
Name: _____
Title: _____

[Signature Page to LIBOR Notice]

EXHIBIT D

FORM OF ASSIGNMENT AND ACCEPTANCE AGREEMENT

This **ASSIGNMENT AND ACCEPTANCE AGREEMENT** ("Assignment Agreement") is entered into as of ____ , 20__ between_____ ("Assignor") and_____ ("Assignee"). Reference is made to the agreement described in Item 2 of Annex I annexed hereto (as amended, restated, modified or otherwise supplemented from time to time, the "Financing Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Financing Agreement.

1. In accordance with the terms and conditions of Section 12.07 of the Financing Agreement, the Assignor hereby irrevocably sells, transfers, conveys and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, that interest in and to the Assignor's rights and obligations under the Loan Documents as of the Effective Date (as defined below) with respect to the Obligations owing to the Assignor, and the Assignor's portion of the Total Revolving Credit Commitments and/or the Loans as specified on Annex I.

2. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim and (ii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment Agreement and to consummate the transactions contemplated hereby; (b) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any other instrument or document furnished pursuant thereto; and (c) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Loan Party or the performance or observance by any Loan Party of any of its obligations under the Loan Documents or any other instrument or document furnished pursuant thereto.

3. The Assignee (a) confirms that it has received copies of the Financing Agreement and the other Loan Documents, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment Agreement; (b) agrees that it will, independently and without reliance upon the Administrative Agent, the Collateral Agent, the Assignor, or any Lender, based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents; (c) confirms that it complies with the (i) definition of "Eligible Transferee" as defined in the Financing Agreement and (ii) criteria set forth in Section 12.07 of the Financing Agreement necessary to acquire the interests being assigned and to become a Lender; (d) appoints and authorizes each of the Administrative Agent and the Collateral Agent to take such action as the Administrative Agent or the Collateral Agent (as the case may be) on its behalf and to exercise such powers under the Loan Documents as are delegated to the Administrative Agent or the Collateral Agent (as the case may be) by the terms thereof, together with such powers as are

reasonably incidental thereto; (e) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a [Lender][an Affiliated Lender][1]; and (f) attaches the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee's status for purposes of determining exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Financing Agreement or such other documents as are necessary to indicate that all such payments are subject to such rates at a rate reduced by an applicable tax treaty.

4. Following the execution of this Assignment Agreement by the Assignor and the Assignee, it will be delivered by the Assignor to the Administrative Agent (and Collateral Agent, if applicable) for recording by the Administrative Agent. The effective date of this Assignment Agreement (the "Effective Date") shall be the latest of (a) the date of the execution hereof by the Assignor and the Assignee, (b) the date this Assignment Agreement has been accepted by the Administrative Agent (and Collateral Agent, if applicable) and recorded in the Register, (c) the date this Assignment Agreement has been accepted by the Administrative Borrower (to the extent required by the terms of the Financing Agreement), (d) the date of receipt by the Administrative Agent of a processing and recordation fee in the amount of $5,000 (except the payment of such fee shall not be required in connection with an assignment by a Lender to a Lender, an Affiliate of such Lender or a Related Fund of such Lender), (e) the settlement date specified on Annex I, and (f) the receipt by Assignor of the Purchase Price specified in Annex I.

5. As of the Effective Date (a) the Assignee shall be a party to the Financing Agreement and, to the extent of the interest assigned pursuant to this Assignment Agreement, have the rights and obligations of a Lender thereunder and under the other Loan Documents, and (b) the Assignor shall, to the extent of the interest assigned pursuant to this Assignment Agreement, relinquish its rights and be released from its obligations under the Financing Agreement and the other Loan Documents.

6. Upon recording by the Administrative Agent, from and after the Effective Date, the Administrative Agent shall make all payments under the Financing Agreement and the other Loan Documents in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and commitment fees (if applicable) with respect thereto) to the Assignee. The Assignor and the Assignee shall make all appropriate adjustments in payments under the Financing Agreement and the other Loan Documents for periods prior to the Effective Date directly between themselves on the Effective Date.

7. THIS ASSIGNMENT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

8. EACH PARTY HERETO HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BASED UPON OR ARISING OUT OF THIS ASSIGNMENT AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, AND AGREES THAT ANY SUCH ACTION, PROCEEDING OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

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[1] To be inserted if the Assignee is an Affiliated Lender.

9. This Assignment Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Assignment Agreement by facsimile or electronic mail shall be equally effective as delivery of an original executed counterpart.

[*Remainder of page left intentionally blank.*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized, as of the date first above written.

[ASSIGNOR]

By: _____
Name:
Title:
Date:

[ASSIGNEE]

By: _____
Name:
Title:
Date:

[Signature Page to Assignment and Acceptance Agreement]

ACCEPTED AND CONSENTED TO this____day of_____, 20__

CERBERUS BUSINESS FINANCE AGENCY, LLC, as Collateral Agent and Administrative Agent

By: _____
Name:
Title:

[XPONENTIAL FITNESS LLC, as Administrative Borrower][2]

By: _____
Name:
Title:

2 If required under Section 12.07 of the Financing Agreement.

ANNEX FOR ASSIGNMENT AND ACCEPTANCE

ANNEX I

1. Borrowers: Xponential Fitness LLC, a Delaware limited liability company, as Administrative Borrower, each Subsidiary (as defined in the Financing Agreement) of Xponential Intermediate Holdings, LLC, a Delaware limited liability company (the "Parent") listed as a "Borrower" on the signature pages to the Financing Agreement and each other Person that executes a joinder agreement and becomes a Borrower thereunder.

2. Name and Date of Financing Agreement: Financing Agreement, dated as of February 28, 2020, by and among the Parent, Xponential Fitness, LLC, a Delaware limited liability company ("XF"), each Subsidiary (as defined therein) of Parent listed as a "Borrower" on the signature pages thereto (together with XF and each other Person that executes a joinder agreement and becomes a "Borrower" thereunder, each a "Borrower" and collectively, the "Borrowers"), each other Subsidiary of Parent listed as a "Guarantor" on the signature pages thereto (together with Parent and each other Person that executes a joinder agreement and becomes a "Guarantor" thereunder, each a "Guarantor" and collectively, the "Guarantors"), the lenders from time to time party thereto (each a "Lender" and collectively, the "Lenders"), Cerberus Business Finance Agency, LLC, a Delaware limited liability company ("Cerberus"), as collateral agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent") and Cerberus, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents").

3. Amount of Commitments and Loans assigned: _____

[a. Term Loan _____]
[b. Revolving Loans _____]
[c. Revolving Credit Commitment _____][3]

4. Purchase Price: _____

5. Effective Date: _____

6. Notice and Payment Instructions, etc.

Assignee:	Assignor:
_____	_____
_____	_____
_____	_____

[3] Insert as applicable.

Assignee:

Attn:_____
Fax No.:_____

Bank Name:
ABA Number:
Account Name:
Account Number:
Sub-Account Name:
Sub-Account Number:
Reference:
Attn:

Assignor:

Attn:_____
Fax No.:_____

Bank Name:
ABA Number:
Account Name:
Account Number:
Sub-Account Name:
Sub-Account Number:
Reference:
Attn:

EXHIBIT E

FORM OF COMPLIANCE CERTIFICATE

XPONENTIAL INTERMEDIATE HOLDINGS, LLC
17877 Von Karman Avenue, Suite 100
Irvine, CA 92614

Cerberus Business Finance Agency, LLC
875 Third Avenue
New York, New York 10022
Attention: Timothy Fording

Re: Compliance Certificate dated _____, 20

Ladies and Gentlemen:

Reference is made to that certain Financing Agreement, dated as of February 28, 2020 (such agreement, as amended, restated, amended and restated, supplemented or otherwise modified from time to time, being hereinafter referred to as the "Financing Agreement"), by and among Xponential Intermediate Holdings, LLC, a Delaware limited liability company (the "Parent"), Xponential Fitness LLC, a Delaware limited liability company ("XF"), each Subsidiary (as defined therein) of Parent listed as a "Borrower" on the signature pages thereto (together with XF and each other Person that executes a joinder agreement and becomes a "Borrower" thereunder, each a "Borrower" and collectively, the "Borrowers"), each other Subsidiary of Parent listed as a "Guarantor" on the signature pages thereto (together with Parent and each other Person that executes a joinder agreement and becomes a "Guarantor" thereunder, each a "Guarantor" and collectively, the "Guarantors"), the lenders from time to time party thereto (each a "Lender" and collectively, the "Lenders"), Cerberus Business Finance Agency, LLC, a Delaware limited liability company ("Cerberus"), as collateral agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent") and Cerberus, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents"). Capitalized terms used in this Compliance Certificate have the respective meanings set forth in the Financing Agreement unless specifically defined herein.

Pursuant to the terms of the Financing Agreement, the undersigned Authorized Officer of the Parent hereby certifies that:

1. [The financial statements of the Parent and its Subsidiaries are furnished in Schedule 1 hereto pursuant to Section 7.01(a)(i) of the Financing Agreement.][1] [The financial statements of the Parent and its Subsidiaries are furnished in Schedule 1 hereto pursuant to Section 7.01(a)(ii) of the Financing Agreement.][2]

1 To be included in the Compliance Certificate delivered with financial statements required by Section 7.01(a)(i) of the Financing Agreement.
2 To be included in the Compliance Certificate delivered with financial statements required by Section 7.01(a)(ii) of the Financing Agreement.

2. [The financial statements of the Parent and its Subsidiaries furnished in Schedule 1 hereto pursuant to Section 7.01(a) of the Financing Agreement fairly present, in all material respects, the financial position of the Parent and its Subsidiaries in each case, as of the end of the period covered by such financial statements and the results of operations, retained earnings and cash flows of the Parent and its Subsidiaries, in each case, for such period, in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements furnished to the Agents and the Lenders, subject to the absence of footnotes and normal year-end adjustments.][3]

3. The undersigned Authorized Officer has reviewed the provisions of the Financing Agreement and the other Loan Documents and has made or caused to be made under his or her supervision a review of the condition and operations of the Parent and its Subsidiaries during the period covered by the financial statements delivered pursuant to Section 7.01(a) with a view to determining whether the Parent and its Subsidiaries were in compliance with all of the provisions of the Financing Agreement and such Loan Documents at the times such compliance is required thereby, and that such review has not disclosed, and such Authorized Officer has no knowledge of, the occurrence and continuance during such period of an Event of Default or Default[, except as listed on Schedule 2 hereto (such Schedule describes the nature and period of existence thereof and the action which the Parent and/or its Subsidiaries propose to take or have taken with respect thereto)].

4. [The Parent and its Subsidiaries are in compliance with the financial covenant contained in Section 7.03 0f the Financing Agreement as demonstrated on Schedule 3 hereto.][4]

5. [Set forth on Schedule 4 hereto is the calculation of the Excess Cash Flow in accordance with the terms of Section 2.05(c)(iv) of the Financing Agreement.][5]

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3 To be included in the Compliance Certificate delivered with financial statements required by Section 7.01(a)(i) of the Financing Agreement.

4 To be included in the Compliance Certificate delivered with financial statements of the Parent and its Subsidiaries required by Section 7.01(a)(i) of the Financing Agreement.

5 To be included in the Compliance Certificate delivered with financial statements required by Section 7.01(a)(ii) of the Financing Agreement.

IN WITNESS WHEREOF, this Compliance Certificate is executed by the undersigned as of the date first written above.

XPONENTIAL INTERMEDIATE
HOLDINGS, LLC

_____

Name:_____

Title:_____

[Signature Page to Compliance Certificate]

SCHEDULE 1

Financial Statements

[See Attached]

SCHEDULE 2

Default or Event of Default

[See Attached]

SCHEDULE 3
Financial Covenant

Total Leverage Ratio.

The Total Leverage Ratio of the Parent and its Subsidiaries (on a consolidated basis), for the period of four (4) consecutive fiscal quarters of the Parent and its Subsidiaries (on a consolidated basis) for which the last quarter ends _____,__is__:1.00, which **[is/is not]** greater than or equal to the ratio set forth in Section 7.03(a) of the Financing Agreement for the corresponding period.

SCHEDULE 4

Excess Cash Flow

[See Attached]

Exhibit 10.6

Execution Version

FIRST AMENDMENT TO FINANCING AGREEMENT

FIRST AMENDMENT, dated as of August 4, 2020 (this "Amendment"), to the Financing Agreement, dated as of February 28, 2020 (as may be further amended, restated, supplemented or otherwise modified, the "Financing Agreement"), by and among Xponential Intermediate Holdings, LLC, a Delaware limited liability company (the "Parent"), Xponential Fitness LLC, a Delaware limited liability company ("XF"), each Subsidiary (as defined therein) of Parent listed as a "Borrower" on the signature pages hereto (together with XF and each other Person that executes a joinder agreement and becomes a "Borrower" thereunder, each a "Borrower" and collectively, the "Borrowers"), each other Subsidiary of Parent listed as a "Guarantor" on the signature pages thereto (together with Parent and each other Person that executes a joinder agreement and becomes a "Guarantor" thereunder or otherwise guaranties all or any part of the Obligations (as defined therein), each a "Guarantor" and collectively, the "Guarantors"), the lenders from time to time party thereto (each a "Lender" and collectively, the "Lenders"), Cerberus Business Finance Agency, LLC, a Delaware limited liability company ("Cerberus"), as collateral agent for the Lenders (in such capacity, together with its successors and assigns, the "Collateral Agent") and Cerberus, as administrative agent for the Lenders (in such capacity, together with its successors and assigns, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents"). All terms used herein that are defined in the Financing Agreement and not otherwise defined herein shall have the meanings assigned to them in the Financing Agreement (as amended hereby).

WHEREAS, the Loan Parties, the Agents and the Lenders wish to amend the Financing Agreement on the First Amendment Effective Date (as hereinafter defined) on the terms and conditions set forth herein.

WHEREAS, the Loan Parties have requested that the Agents and the Lenders amend the Financing Agreement in certain respects, and the Agents and the Lenders are agreeable to such request, on and subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the parties hereto hereby agree as follows:

1. Amendments. Financing Agreement. The Financing Agreement is hereby amended (x) as of the date hereof to replace the reference to "3.45" with "5.00" under Total Leverage Ratio for the Fiscal Quarter End June 30, 2020 in Section 7.03(a)(i) of the Financing Agreement and (y) as of the First Amendment Effective Date (as defined below) (a) to delete the red or green stricken text (indicated textually in the same manner as the following examples: ~~stricken text~~ and ~~stricken text~~); and (b) to add the blue or green double-underlined text (indicated textually in the same manner as the following examples: double-underlined text and double- underlined text), in each case, as set forth in the marked copy of the Financing Agreement attached as Annex A hereto and made a part hereof for all purposes.

2. Representations and Warranties. Each Loan Party hereby jointly and severally represents and warrants to the Agents and the Lenders, as of the date hereof, as follows:

(a) Representations and Warranties; No Event of Default. The representations and warranties contained herein, in Article VI of the Financing Agreement and in each other Loan Document, certificate or other writing delivered by or on behalf of any Loan Party to any Secured Party pursuant thereto on or prior to the First Amendment Effective Date are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such date as though made on and as of such date, except to the extent that any such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date), and no Default or Event of Default has occurred and is continuing as of the First Amendment Effective Date or would result from this Amendment becoming effective in accordance with its terms.

(b) Authorization; Enforceability. The execution and delivery of this Amendment by each Loan Party, and the performance of the Financing Agreement, as amended hereby, (i) have been duly authorized by all necessary action, (ii) do not and will not contravene (A) any of its Governing Documents, (B) any applicable Requirement of Law or (C) any Contractual Obligation binding on or otherwise affecting it or any of its properties, (iii) do not and will not result in or require the creation of any Lien (other than pursuant to any Loan Document) upon or with respect to any of its properties other than any such Lien that constitutes a Permitted Lien, and (iv) do not and will not result in any default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to its operations or any of its properties except, in the case of clauses (ii)(B), (ii)(C) and (iv), as could not reasonably be expected to have a Material Adverse Effect. This Amendment constitutes the legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity.

3. Conditions Precedent to Effectiveness. This Amendment shall become effective upon receipt by the Agents of this Amendment, duly executed by the Loan Parties, each Agent and the Lenders and dated as of the date first set forth above; provided that the amendments to the Financing Agreement set forth in clause (y) of Section 1 above shall become effective upon satisfaction in full, in a manner reasonably satisfactory to the Agents, or waiver by the Agents, of the following conditions precedent (the first date upon which all such conditions shall have been satisfied (or waived) being herein called the "First Amendment Effective Date"):

(a) Payment of Fees, Etc. The Borrower shall have paid (or caused to be paid), on or before the First Amendment Effective Date:

(i) a non-refundable amendment closing fee equal to $975,000, which fee shall be deemed paid in kind as of August 15, 2020 by capitalizing such fee and adding such fee to the principal balance of the Term Loan (provided that, such fee shall be deemed not to have been paid in kind or capitalized (and no interest thereon shall be deemed to have accrued) if this Amendment shall terminate and be of no further force or effect pursuant to clause (g) of Section 7 below); and

(ii) all other fees, costs and expenses then due and payable, if any, pursuant to Section 2.06 or 12.04 of the Financing Agreement.

(b) Delivery of Documents. The Agents shall have received each of the following, each in form and substance satisfactory to the Agents:

(i) this Amendment, duly executed by the Loan Parties, each Agent and the Lenders, as provided above;

(ii) the Sponsor Guaranty, duly executed by the Sponsor Guarantor and dated as of the First Amendment Effective Date; and

(iii) a certificate of an Authorized Officer of the Parent certifying as to the matters described in Section 2(a) of this Amendment and dated as of the First Amendment Effective Date.

(c) Cash Infusion.

(i) The Agents shall have received satisfactory evidence that, substantially concurrently with the execution of this Amendment, the Sponsor Guarantor shall have made capital calls, the proceeds of which shall (x) be contributed to Parent in exchange for Equity Interests (other than Disqualified Equity Interests) issued by Parent and (y) be in an amount equal to $10,000,000 (the "First Amendment Contribution").

(ii) The First Amendment Contribution shall have been made and the entire amount of such cash proceeds shall have been applied to repay the Revolving Loans on or before August 31, 2020.

(d) Schedule 7.02(e)(xx). The Loan Parties shall have delivered to the Agents a form of Schedule 7.02(e)(xx) and the Agents shall have approved such form.

(e) Liens; Priority. The Agents shall be satisfied that the Collateral Agent has been granted, and holds, for the benefit of the Agents and the Lenders, a perfected, first priority Lien on and security interest in all of the Collateral, subject only to Permitted Liens, to the extent such Liens and security interests required pursuant to the Financing Agreement and the other Loan Documents to be granted or perfected on or before the First Amendment Effective Date.

(f) Approvals. All consents, authorizations and approvals of all filings and registrations with, and all other actions in respect of, any Governmental Authority or other Person required in connection with the transactions contemplated by this Amendment shall have been obtained and shall be in full force and effect.

4. Continued Effectiveness of the Financing Agreement and Other Loan Documents. Each Loan Party hereby (i) acknowledges and consents to this Amendment, (ii) confirms and agrees that the Financing Agreement and each other Loan Document to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects except that on and after the First Amendment Effective Date all references in the Financing Agreement or any other Loan Document to "Financing Agreement", the "Agreement", "thereto", "thereof", "thereunder" or words of like import referring to the Financing Agreement shall mean the Financing Agreement as amended by this Amendment, and (iii) confirms and agrees that to the extent that the Financing Agreement or any such other Loan Document purports to assign or pledge to the Collateral Agent for the benefit of the Lenders, or to grant to the Collateral Agent for the benefit of the Lenders a security interest in or Lien on, any Collateral as security for the Obligations or Guaranteed Obligations, as the case may be, of any Loan Party from time to time existing in respect of the Financing Agreement (as amended hereby) and the other Loan Documents, such pledge, assignment and/or grant of the security interest or Lien is hereby ratified and confirmed in all respects as of the date hereof. This Amendment does not and shall not affect any of the obligations of any Loan Party, other than as expressly provided herein, including, without limitation, the Borrower's obligation to repay the Loans in accordance with the terms of Financing Agreement, or the obligations of any other Loan Party under any Loan Document to which it is a party, all of which obligations shall remain in full force and effect. Except as expressly provided herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Agents or any Lender under the Financing Agreement or any other Loan Document, nor constitute a waiver of any provision of the Financing Agreement or any other Loan Document.

5. Release. Each Loan Party hereby acknowledges and agrees that: as of the First Amendment Effective Date (i) neither it nor any of its Subsidiaries has any claim or cause of action against the Agents or any Lender (or any of their respective Affiliates, officers, directors, employees, attorneys, consultants or agents in their capacities for the Agents or any Lender) in connection with the Loan Documents and (ii) the Agents and each Lender has heretofore properly performed and satisfied in a timely manner all of its obligations to the Loan Parties and their Subsidiaries under the Financing Agreement and the other Loan Documents that are required to have been performed on or prior to the date hereof. Notwithstanding the foregoing, the Agents and the Lenders wish (and the Loan Parties agree) to eliminate any possibility that any past conditions, acts, omissions, events or circumstances would impair or otherwise adversely affect any of the Agents' and the Lenders' rights, interests, security and/or remedies under the Financing Agreement and the other Loan Documents. Accordingly, for and in consideration of the agreements contained in this Amendment and other good and valuable consideration, each Loan Party (for itself and its Subsidiaries and the successors, assigns, heirs and representatives of each of the foregoing) (collectively, the "Releasors") does hereby fully, finally, unconditionally and irrevocably release and forever discharge each Agent, each Lender and each of their respective Affiliates, officers, directors, employees, attorneys, consultants and agents in their capacities as an Agent or any Lender (collectively, the "Released Parties") from any and all debts, claims, obligations, damages, costs, attorneys' fees, suits, demands, liabilities, actions, proceedings and causes of action, in each case, whether known or unknown, contingent or fixed, direct or indirect, and of whatever nature or description, and whether in law or in equity, under contract, tort, statute or otherwise, which any Releasor has heretofore had or now or hereafter can, shall or may have against any Released Party by reason of any act, omission or thing whatsoever done or omitted to be done on or prior to the

First Amendment Effective Date arising out of, connected with or related in any way to this Amendment, the Financing Agreement or any other Loan Document, or any act, event or transaction related or attendant thereto, or the agreements of any Agent or any Lender contained therein, or the possession, use, operation or control of any of the assets of any Loan Party, or the making of any Loans or other advances, or the management of such Loans or advances or the Collateral prior to the First Amendment Effective Date.

6. Reaffirmation of Loan Parties. Each Loan Party hereby reaffirms its obligations under the Financing Agreement and each other Loan Document to which it is a party as of the date hereof. Each Loan Party hereby further ratifies and reaffirms as of the date hereof the validity and enforceability of all of the Liens and security interests heretofore granted by it, pursuant to and in connection with the Financing Agreement or any other Loan Document to the Agents, on behalf and for the benefit of the Agents and each Lender, as collateral security for the obligations under the Financing Agreement and the other Loan Documents in accordance with their respective terms, and acknowledges that all of such liens and security interests, and all collateral heretofore pledged by it as security for such obligations, continues to be and remain collateral for such obligations. Although each of the Guarantors have been informed of the matters set forth herein and have acknowledged and agreed to same, each of the Guarantors understands that the Agents and the Lenders shall have no obligation to inform the Guarantors of such matters in the future or to seek the Guarantors' acknowledgement or agreement to future amendments, waivers, or modifications, and nothing herein shall create such a duty.

7. Miscellaneous.

(a) This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Amendment by electronic mail shall be equally as effective as delivery of an original executed counterpart of this Amendment. Any party may request in writing that parties delivering an executed counterpart of this Amendment by electronic mail also deliver an original executed counterpart of this Amendment but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

(b) Section and paragraph headings herein are included for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

(c) THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN THE STATE OF NEW YORK.

(d) This Amendment constitutes a "Loan Document" under the Financing Agreement.

(e) Any provision of this Amendment that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

(f) The Borrower will pay (or cause to be paid) promptly upon receipt of a reasonably detailed invoice therefor, all reasonable and documented out-of-pocket fees, costs and expenses of the Agents in connection with the preparation, execution and delivery of this Amendment in accordance with and pursuant to Section 12.04 of the Financing Agreement, including, without limitation, reasonable and documented fees, costs and expenses of Schulte Roth & Zabel LLP, counsel to the Collateral Agent.

(g) Notwithstanding anything to the contrary set forth herein, if the First Amendment Effective Date has not occurred by 11:59 pm New York City time on or prior to August 31, 2020, this Amendment (and any amendments to the Financing Agreement effected pursuant hereto) shall terminate and be of no further force and effect.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWER:

XPONENTIAL FITNESS LLC

By: /s/ John Meloun
Name: John Meloun
Title: CFO

[Signature Page to First Amendment]

GUARANTORS:

XPONENTIAL INTERMEDIATE HOLDINGS, LLC

By: /s/ John Meloun
Name: John Meloun
Title: CFO

CLUB PILATES FRANCHISE, LLC

By: /s/ John Meloun
Name: John Meloun
Title: CFO

CYCLEBAR HOLDCO, LLC

By: /s/ John Meloun
Name: John Meloun
Title: CFO

CYCLEBAR FRANCHISING, LLC

By: /s/ John Meloun
Name: John Meloun
Title: CFO

CYCLEBAR WORLDWIDE INC.

By: /s/ John Meloun
Name: John Meloun
Title: CFO

STRETCH LAB FRANCHISE, LLC

By: /s/ John Meloun
Name: John Meloun
Title: CFO

ROW HOUSE FRANCHISE, LLC

By: /s/ John Meloun
Name: John Meloun
Title: CFO

YOGA SIX FRANCHISE, LLC

By: /s/ John Meloun
Name: John Meloun
Title: CFO

AKT FRANCHISE, LLC

By: /s/ John Meloun
Name: John Meloun
Title: CFO

PB FRANCHISING, LLC

By: /s/ John Meloun
Name: John Meloun
Title: CFO

STRIDE FRANCHISE, LLC

By: /s/ John Meloun
Name: John Meloun
Title: CFO

XPONENTIAL FITNESS BRANDS INTERNATIONAL, LLC

By: /s/ John Meloun
Name: John Meloun
Title: CFO

COLLATERAL AGENT AND
ADMINISTRATIVE AGENT:

CERBERUS BUSINESS FINANCE AGENCY, LLC

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Senior Managing Director

LENDERS:

CERBERUS AOZ LOAN OPPORTUNITIES FUND, L.P.

By: Cerberus AOZ Loan Opportunities GP, LLC
Its: General Partner

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Senior Managing Director

CERBERUS ASRS FUNDING LLC

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Vice President

CERBERUS ASRS HOLDINGS LLC

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Vice President

CERBERUS AUS LEVERED HOLDINGS LP

By: CAL I GP Holdings LLC
Its: General Partner

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Senior Managing Director

CERBERUS C-1 LEVERED LOAN OPPORTUNITIES MASTER FUND, L.P.

By: Cerberus C-1 Levered Opportunities GP, LLC
Its: General Partner

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Senior Managing Director

CERBERUS FSBA HOLDINGS LLC

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Vice President

CERBERUS FSBA LEVERED LLC

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Vice President

CERBERUS KRS LEVERED LLC

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Vice President

CERBERUS KRS LEVERED LOAN OPPORTUNITIES FUND, L.P.

By: Cerberus KRS Levered Opportunities GP, LLC
Its: General Partner

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Senior Managing Director

CERBERUS LEVERED IV HOLDINGS LLC

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Vice President

CERBERUS LOAN FUNDING XX L.P.

By: Cerberus LFGP XX, LLC
Its: General Partner

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Senior Managing Director

CERBERUS LOAN FUNDING XXII L.P.

By: Cerberus LFGP XXII, LLC
Its: General Partner

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Senior Managing Director

CERBERUS LOAN FUNDING XXV LP

By: Cerberus LFGP XXV, LLC
Its: General Partner

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Senior Managing Director

CERBERUS ND CREDIT HOLDINGS LLC

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Vice President

CERBERUS ND LEVERED LLC

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Vice President

CERBERUS OFFSHORE LEVERED IV HOLDINGS LP

By: Cerberus Offshore Levered IV Holdings GP LLC
Its: General Partner

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Senior Managing Director

CERBERUS OFFSHORE UNLEVERED LOAN OPPORTUNITIES MASTER FUND IV, L.P.

By: Cerberus Offshore Unlevered Opportunities IV GP, LLC
Its: General Partner

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Senior Managing Director

CERBERUS ONSHORE LEVERED IV LLC

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Vice President

CERBERUS PSERS LEVERED LOAN OPPORTUNITIES FUND, L.P.

By: Cerberus PSERS Levered Opportunities GP, LLC
Its: General Partner

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Senior Managing Director

CERBERUS REDWOOD LEVERED LOAN OPPORTUNITIES FUND A, L.P.

By: Cerberus Redwood Levered Opportunities GP A, LLC
Its: General Partner

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Senior Managing Director

CERBERUS REDWOOD LEVERED LOAN OPPORTUNITIES FUND B, L.P.

By: Cerberus Redwood Levered Opportunities GP B, LLC
Its: General Partner

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Senior Managing Director

CERBERUS STEPSTONE CREDIT HOLDINGS LLC

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Senior Managing Director

CERBERUS STEPSTONE LEVERED LLC

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Vice President

PHILADELPHIA INDEMNITY INSURANCE COMPANY

By: CBF-D Manager, LLC
Its: Investment Manager

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Senior Managing Director

RELIANCE STANDARD LIFE INSURANCE COMPANY

By: CBF-D Manager, LLC
Its: Investment Manager

By: /s/ Joseph Naccarato
Name: Joseph Naccarato
Title: Senior Managing Director

Annex A

Amended Financing Agreement

(See Attached)

Execution Copy

FINANCING AGREEMENT

Dated as of February 28, 2020

by and among

XPONENTIAL INTERMEDIATE HOLDINGS, LLC,
as Parent,

XPONENTIAL FITNESS LLC
AND EACH OTHER SUBSIDIARY OF PARENT
LISTED AS A BORROWER ON THE SIGNATURE PAGES HERETO,
as Borrowers,

PARENT AND EACH OTHER SUBSIDIARY OF PARENT LISTED AS A GUARANTOR ON THE SIGNATURE PAGES HERETO,
as Guarantors,

THE LENDERS FROM TIME TO TIME PARTY HERETO,
as Lenders,

and

CERBERUS BUSINESS FINANCE AGENCY, LLC,
as Collateral Agent and Administrative Agent

TABLE OF CONTENTS

SCHEDULE AND EXHIBITS

Schedule 1.01(A)	Lenders' Commitments
Schedule 1.01(B)	Earnouts
Schedule 6.01(e)	Capitalization; Subsidiaries
Schedule 6.01(f)	Litigation; Commercial Tort Claims
Schedule 6.01(i)	ERISA
Schedule 6.01(l)	Nature of Business
Schedule 6.01(o)	Real Property and Facilities
Schedule 6.01(q)	Franchise Matters
Schedule 6.01(r)	Environmental Matters
Schedule 6.01(s)	Insurance
Schedule 6.01(v)	Bank Accounts
Schedule 6.01(w)	Intellectual Property
Schedule 6.01(x)	Material Contracts
Schedule 6.01(dd)	Name; Jurisdiction of Organization; Organizational ID Number; Chief Place of Business; Chief Executive Office; FEIN
Schedule 6.01(ee)	Collateral Locations
Schedule 7.01(s)	Post-Closing Obligations
Schedule 7.02(a)	Existing Liens
Schedule 7.02(b)	Existing Indebtedness
Schedule 7.02(c)	Capitalized Lease Obligations
Schedule 7.02(e)	Existing Investments
Schedule 7.02(e)(xx)	**Franchisee Loan Parameters**
Schedule 7.02(j)	Transactions with Affiliates
Schedule 7.02(k)	Limitations on Dividends and Other Payment Restrictions
Schedule 8.01	Cash Management Banks/Cash Management Accounts

Exhibit A	Form of Joinder Agreement
Exhibit B	Form of Notice of Borrowing
Exhibit C	Form of LIBOR Notice
Exhibit D	Form of Assignment and Acceptance
Exhibit E	Form of Compliance Certificate
Exhibit F	Form of Franchise Report

FINANCING AGREEMENT

Financing Agreement, dated as of February 28, 2020, by and among Xponential Intermediate Holdings, LLC, a Delaware limited liability company (the "Parent"), Xponential Fitness LLC, a Delaware limited liability company ("XF"), each Subsidiary (as hereinafter defined) of Parent listed as a "Borrower" on the signature pages hereto (together with XF and each other Person that executes a joinder agreement and becomes a "Borrower" hereunder, each a "Borrower" and collectively, the "Borrowers"), each other Subsidiary of Parent listed as a "Guarantor" on the signature pages hereto (together with Parent and each other Person that executes a joinder agreement and becomes a "Guarantor" hereunder or otherwise guaranties all or any part of the Obligations (as hereinafter defined), each a "Guarantor" and collectively, the "Guarantors"), the lenders from time to time party hereto (each a "Lender" and collectively, the "Lenders"), Cerberus Business Finance Agency, LLC, a Delaware limited liability company ("Cerberus"), as collateral agent for the Lenders (in such capacity, together with its successors and assigns, the "Collateral Agent") and Cerberus, as administrative agent for the Lenders (in such capacity, together with its successors and assigns, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents").

RECITALS

The Borrowers have asked the Lenders to extend credit to the Borrowers consisting of (a) an initial term loan in an aggregate principal amount of $185,000,000, (b) a revolving credit facility in the aggregate principal amount of $10,000,000 and (c) a delayed draw term loan commitment in the aggregate principal amount of $15,000,000. The proceeds of the initial term loan shall be used to repay existing indebtedness of the Loan Parties and for general working capital or other corporate purposes of the Loan Parties (as hereinafter defined), including, but not limited to, the payment of fees and expenses related to this Agreement and the Transactions. The proceeds of the revolving loans and the delayed draw term loans made after the Effective Date shall be used for general working capital or other corporate purposes of the Loan Parties. The Lenders are severally, and not jointly, willing to extend such credit to the Borrowers subject to the terms and conditions hereinafter set forth.

In consideration of the premises and the covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS; CERTAIN TERMS

Section 1.01 Definitions. As used in this Agreement, the following terms shall have the respective meanings indicated below, such meanings to be applicable equally to both the singular and plural forms of such terms:

"Account Control Agreement" means an account control agreement, in form and substance reasonably satisfactory to the Collateral Agent, each of which is among each relevant Loan Party, the Collateral Agent and the applicable Cash Management Banks.

"Account Debtor" means each debtor, customer or obligor in any way obligated on or in connection with any Account Receivable.

"Accounts Receivable" means, with respect to any Person, any and all accounts (as that term is defined in the Uniform Commercial Code), any and all rights of such Person to payment for goods sold and/or services rendered, including accounts, general intangibles and any and all such rights evidenced by chattel paper, instruments or documents, whether due or to become due and whether or not earned by performance, and whether now or hereafter acquired or arising in the future, and any proceeds arising therefrom or relating thereto.

"Acquisition" means the acquisition of all or substantially all of the Equity Interests of any Person or all or substantially all of the assets of any Person or line of business or a division of such Person.

"Act" has the meaning specified therefor in Section 7.02(c).

"Action" has the meaning specified therefor in Section 12.12.

"Additional Amount" has the meaning specified therefor in Section 2.08(a).

"Administrative Agent" has the meaning specified therefor in the preamble hereto.

"Administrative Agent's Account" means an account at a bank designated by the Administrative Agent from time to time as the account into which the Loan Parties shall make all payments to the Administrative Agent for the benefit of the Agents and the Lenders under this Agreement and the other Loan Documents.

"Administrative Borrower" has the meaning specified therefor in Section 12.16.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the Equity Interests having ordinary voting power for the election of members of the Board of Directors of such Person or (b) direct or cause the direction of the management and policies of such Person whether by contract or otherwise. Notwithstanding anything herein to the contrary, in no event shall any Agent or any Lender be considered an "Affiliate" of any Loan Party.

"Affiliated Lenders" means the Sponsor and each of its Affiliates (including the Loan Parties) and Related Funds of the foregoing who become a Lender pursuant to the terms of this Agreement.

"After Acquired Property" has the meaning specified therefor in Section 7.01(o).

"Agent" has the meaning specified therefor in the preamble hereto.

"Agent Advances" has the meaning specified therefor in Section 10.08(a).

"Agreement" means this Financing Agreement, including all amendments, modifications and supplements and any exhibits or schedules to any of the foregoing, and shall refer to this Agreement as the same may be in effect at the time such reference becomes operative.

"Alternative Interest Rate Election Event" has the meaning specified therefor in the definition of "LIBOR Rate".

"Anti-Corruption Laws" has the meaning specified therefor in Section 6.01(jj)(i).

"Anti-Money Laundering and Anti-Terrorism Laws" means any Requirement of Law relating to terrorism, economic sanctions or money laundering, including, without limitation, (a) the Money Laundering Control Act of 1986 (*i.e.*, 18 U.S.C. §§ 1956 and 1957), (b) the Bank Secrecy Act of 1970 (31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959), and the implementing regulations promulgated thereunder, (c) the USA PATRIOT Act and the implementing regulations promulgated thereunder, (d) the laws, regulations and Executive Orders administered by the United States Department of the Treasury's Office of Foreign Assets Control ("OFAC"), (e) any law prohibiting or directed against terrorist activities or the financing or support of terrorist activities (*e.g.*, 18 U.S.C. §§ 2339A and 2339B), and (f) any similar laws enacted in the United States or any other jurisdictions in which the parties to this Agreement operate, as any of the foregoing laws have been, or shall hereafter be, amended, renewed, extended, or replaced and all other present and future legal requirements of any Governmental Authority governing, addressing, relating to, or attempting to eliminate, terrorist acts and acts of war and any regulations promulgated pursuant thereto.

"Applicable Margin" means, as of any date of determination, with respect to the interest rate of any Revolving Loan or the Term Loan (or any portion thereof):

(a) From the Effective Date until September 30, 2020 (the "Initial Applicable Margin Period"), the relevant Applicable Margin shall be set at Level II in the table below.

(b) After the Initial Applicable Margin Period, the relevant Applicable Margin shall be set at the respective level indicated below based upon the Total Leverage Ratio of the Loan Parties set forth opposite thereto, which ratio shall be calculated on the last day of the most recent fiscal quarter of the Parent and its Subsidiaries for which financial statements and a Compliance Certificate are received by the Agents and the Lenders in accordance with Section 7.01(a)(i) and Section 7.01(a)(iv):

Level	Total Leverage Ratio	Reference Rate Loans	LIBOR Rate Loans
I	Greater than or equal to 3.75 to 1:00	4.75%	6.75%
II	Greater than or equal to 2.75 to 1.00 and less than 3.75 to 1:00	4.50%	6.50%
III	Less than 2.75 to 1.00	4.25%	6.25%

(c) Subject to clause (d) below, the adjustment of the Applicable Margin (if any) will occur 2 Business Days after the date the Administrative Agent receives the applicable financial statements and a Compliance Certificate in accordance with Section 7.01(a)(i) and Section 7.01(a)(iv).

(d) Notwithstanding the foregoing:

(i) the Applicable Margin shall be set at Level I in the table above (x) upon the occurrence and during the continuation of an Event of Default, or (y) if for any period, the Administrative Agent does not receive the financial statements and certificates described in clause (c) above, for the period commencing on the date such financial statements and certificate were required to be delivered through the date on which such financial statements and certificate are actually received by the Administrative Agent and the Lenders; and

(ii) in the event that any financial statement or certificate described in clause (c) above is inaccurate (regardless of whether this Agreement or any Commitments are in effect when such inaccuracy is discovered), and such inaccuracy, if corrected, would have led to the application of a higher Applicable Margin for any fiscal period, then the Applicable Margin for such fiscal period shall be adjusted retroactively (to the effective date of the determination of the Applicable Margin that was based upon the delivery of such inaccurate financial statement or certificate) to reflect the correct Applicable Margin, and the Borrowers shall promptly make payments to the Agents and the Lenders to reflect such adjustment.

"Applicable Prepayment Premium" means, as of any date of determination, with respect to and in the event of any prepayment of the Term Loans, (a) during the period of time from and after the Effective Date up to and including the date that is the first anniversary of the Effective Date, an amount equal to 2.00% times the principal amount of any such prepayment of the Term Loan on such date, (b) during the period of time after the date that is the first anniversary of the Effective Date up to and including the date that is the second anniversary of the Effective Date, an amount equal to 1.00% times the principal amount of any such prepayment of the Term Loan on such date, and (c) from the second anniversary of the Effective Date and at all times thereafter, zero.

"Assignment and Acceptance" means an assignment and acceptance entered into by an assigning Lender and an assignee, and accepted by the Collateral Agent, in accordance with Section 12.07 hereof and substantially in the form of Exhibit D hereto or such other form reasonably acceptable to the Collateral Agent.

"Authorized Officer" means, with respect to any Person, the chief executive officer, chief financial officer, treasurer or other financial officer performing similar functions, secretary, president, executive vice president, vice president or manager of such Person or any other officer of such Person designated as an "Authorized Officer" by any of the foregoing officers in a writing delivered to the Agents.

"Availability" means, at any time, the difference between (a) the Total Revolving Credit Commitment and (b) the aggregate outstanding principal amount of all Revolving Loans.

"Bankruptcy Code" means Title 11 of the United States Code, as amended from time to time and any successor statute or any similar federal or state law for the relief of debtors

"Board" means the Board of Governors of the Federal Reserve System of the United States.

"Board of Directors" means, (a) with respect to any corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board, (b) with respect to a partnership, the board of directors or equivalent governing body of the general partner of the partnership, (c) with respect to a limited liability company, the managing member or members or any controlling committee or board of managers of such company or the sole member or the managing member thereof, and (d) with respect to any other Person, the board or committee of such Person serving a similar function.

"Borrower" and "Borrowers" have the meanings specified therefor in the preamble hereto. As of the Effective Date, the Administrative Borrower is the only Borrower under this Agreement.

"Business Day" means (a) for all purposes other than as described in clause (b) below, any day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required to close, and (b) with respect to the borrowing, payment or continuation of, or determination of interest rate on, LIBOR Rate Loans, any day that is a Business Day described in clause (a) above and on which dealings in Dollars may be carried on in the interbank eurodollar markets in New York City and London.

"Capital Expenditures" means, with respect to any Person for any period, the aggregate of all expenditures by such Person and its Subsidiaries during such period that in accordance with GAAP are or should be included in "property, plant and equipment" or in a similar fixed asset account on its balance sheet, whether such expenditures are paid in cash or financed and including all Capitalized Lease Obligations added during such period; provided, that the term "Capital Expenditures" shall not include any such expenditures which constitute (a) expenditures by the Parent or any of its Subsidiaries made in connection with the replacement, substitution or restoration of such Person's assets (i) to the extent financed from (A) insurance proceeds and other proceeds relating to the loss of property paid on account of the loss of or damage to, destruction

of or condemnation of the assets being replaced or restored by such Person that has received such proceeds or (B) proceeds received by such Person from any Disposition permitted under this Agreement, in each case, so long as the Borrowers are permitted to reinvest such proceeds pursuant to Section 2.05(c)(viii) or (ii) with compensation awards arising from the taking by eminent domain or condemnation of the assets being replaced, (b) expenditures financed with the proceeds received from the sale or issuance of Equity Interests to the Sponsor or any other Persons, (c) a Permitted Acquisition or any investment permitted hereunder, (d) expenditures that are accounted for as capital expenditures of such Person and that actually are paid for by a third party (excluding any Loan Party) and for which no Loan Party has provided or is required to provide or incur, directly or indirectly, any consideration or obligation to such third party or any other person (whether before, during or after such period), and (e) the purchase price of equipment that is purchased substantially contemporaneously with the trade in of existing equipment to the extent that the gross amount of such purchase price is reduced by the credit granted by the seller of such equipment for the equipment being traded in at such time.

"Capitalized Lease" means, with respect to any Person, any lease of real or personal property by such Person as lessee which is (a) required under GAAP to be capitalized on the balance sheet of such Person or (b) a transaction of a type commonly known as a "synthetic lease" (i.e., a lease transaction that is treated as an operating lease for accounting purposes but with respect to which payments of rent are intended to be treated as payments of principal and interest on a loan for Federal income tax purposes).

"Capitalized Lease Obligations" means, with respect to any Person, obligations of such Person and its Subsidiaries under Capitalized Leases, and, for purposes hereof, the amount of any such obligation shall be the capitalized amount thereof determined in accordance with GAAP.

"CARES Act" means the Coronavirus Aid, Relief and Economic Security Act, as amended, and the related rules and regulations promulgated thereunder.

"CARES Act Indebtedness" means any unsecured loan or other financial accommodation under the Payroll Protection Program established pursuant to the CARES Act under 15 U.S.C. 636(a)(36) (as added to the Small Business Act by Section 1102 of the CARES Act).

"Cash Equivalents" means

(a) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case, maturing within 1 year from the date of acquisition thereof;

(b) marketable direct obligations issued or fully guaranteed by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within 1 year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either Standard & Poor's Rating Group or Moody's Investors Service, Inc.;

(c) commercial paper, maturing not more than 1 year after the date of issue rated P-1 by Moody's or A-1 by Standard & Poor's;

(d) certificates of deposit maturing not more than 1 year after the date of issue, issued by commercial banking institutions and money market or demand deposit accounts maintained at commercial banking institutions, each of which is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than $500,000,000;

(e) deposit accounts maintained with (i) any bank that satisfies the criteria described in clause (d) above, or (ii) any other bank organized under the laws of the United States or any state thereof so long as the full amount maintained with any such other bank is insured by the Federal Deposit Insurance Corporation;

(f) repurchase agreements having maturities of not more than 90 days from the date of acquisition which are entered into with major money center banks included in the commercial banking institutions described in clause (c) above and which are secured by readily marketable direct obligations of the United States Government or any agency thereof;

(g) debt securities with maturities of 6 months or less from the date of acquisition backed by standby letters of credit issued by any commercial bank satisfying the criteria described in clause (d) above;

(h) money market accounts maintained with mutual funds having assets in excess of $500,000,000, which assets are primarily comprised of Cash Equivalents described in another clause of this definition; and

(i) marketable tax exempt securities rated A or higher by Moody's or A+ or higher by Standard & Poor's, in each case, maturing within 270 days from the date of acquisition thereof.

"Cash Management Accounts" means the bank accounts of each Loan Party (other than the Excluded Accounts) maintained at one or more Cash Management Banks listed on Schedule 8.01.

"Cash Management Bank" has the meaning specified therefor in Section 8.01(a).

"CEA" means the Commodity Exchange Act (7 U.S.C.§1 et seq.), as amended from time to time, and any successor statute.

"Cerberus" has the meaning specified therefor in the preamble hereto.

"CFTC" means the Commodity Futures Trading Commission.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation, judicial ruling, judgment or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests,

rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives concerning capital adequacy promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities shall, in each case, be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change of Control" means each occurrence of any of the following:

(a) at any time prior to a public offering of any Equity Interests of the Parent or any parent company of the Parent, (i) the Permitted Holders cease beneficially and of record to own and control, directly or indirectly, at least 51% on a fully diluted basis of the aggregate outstanding voting power of the Equity Interests of the Parent, (ii) the Sponsor ceases beneficially and of record to own and control, directly or indirectly, at least 33% on a fully diluted basis of the aggregate outstanding voting power of the Equity Interests of the Parent or (iii) the Sponsor ceases beneficially and of record to own and control, directly or indirectly, the largest percentage on a fully diluted basis of the aggregate outstanding voting power of the Equity Interests of the Parent necessary to nominate or elect a majority of the Board of Directors of the Parent;

(b) at any time after a public offering of any Equity Interests of the Parent or any parent company of the Parent, the acquisition, directly or indirectly, by any person or group (within the meaning of Section 13(d)(3) of the Exchange Act), other than a Permitted Holder, of beneficial ownership of more than the greater of (x) 35% of the aggregate outstanding voting power of the Equity Interests of the Parent and (y) the percentage on a fully diluted basis of the aggregate outstanding voting power of the Equity Interests of the Parent then owned by the Permitted Holders;

(c) at any time after a public offering of any Equity Interests of the Parent or any parent company of the Parent, during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Parent (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Parent was approved by a vote of at least a majority the directors of the Parent then still in office who were either directors at the beginning of such period, or whose election or nomination for election was previously approved) cease for any reason to constitute a majority of the Board of Directors of the Parent;

(d) the Parent shall cease to have, directly or indirectly, the aggregate beneficial ownership (as defined in Rule13d-3 under the Exchange Act) of at least the percentage of the aggregate voting power or economic power of the Equity Interests of each other Loan Party held by it on the Effective Date (or, with respect to any Subsidiary that becomes a Loan Party after the Effective Date, on the date such Subsidiary becomes a Loan Party hereunder), other than pursuant to a transaction permitted under Section 7.02(c) of this Agreement; or

(e) at any time after a public offering of any of the Equity Interests of the Parent or any parent company of the Parent (i) any Loan Party consolidates or amalgamates with or merges into another entity or conveys, transfers or leases all or substantially all of its property and assets to another Person, unless otherwise permitted hereunder or (ii) any entity consolidates or amalgamates with or merges into any Loan Party in a transaction pursuant to which the outstanding

voting Equity Interests of such Loan Party are reclassified or changed into or exchanged for cash, securities or other property, other than any such transaction described in this clause (ii) in which either (A) in the case of any such transaction involving the Parent, no person or group (within the meaning of Section 13(d)(3) of the Exchange Act) other than a Permitted Holder has, directly or indirectly, acquired beneficial ownership of more than 35% of the aggregate outstanding voting Equity Interests of the Parent or (B) in the case of any such transaction involving a Loan Party other than the Parent, the Parent has beneficial ownership on a fully diluted basis of at least the same percentage of the aggregate voting and economic power of all Equity Interests of the resulting, surviving or transferee entity as it held prior to the date of such transaction.

"Club Ready Settlement" means the settlement agreement between Xponential Fitness LLC, ClubEssential Holdings, LLC and ClubReady, LLC pursuant to which ClubReady, LLC has agreed to reimbursement Xponential Fitness LLC for payments made in connection with third-party development labor in an amount not to exceed $2,000,000.

"Collateral" means all of the property and assets and all interests therein and proceeds thereof now owned or hereafter acquired by any Loan Party upon which a Lien is granted or purported to be granted by such Loan Party as security for all or any part of the Obligations; provided, that the term "Collateral" shall not include any "Excluded Property" (as defined in the Security Agreement).

"Collateral Agent" has the meaning specified therefor in the preamble hereto.

"Commitments" means, with respect to each Lender, such Lender's Revolving Credit Commitment and Term Loan Commitment.

"Competitor" means any Person which is a direct competitor of the Loan Parties or their Subsidiaries in the same or substantially similar line of business as the Loan Parties or their Subsidiaries as of the Effective Date, if, in each case, at the time of a proposed assignment or participation, Agents and the assigning Lender have been notified in writing by the Administrative Borrower that such a Person is a direct competitor of the Loan Parties or their Subsidiaries.

"Compliance Certificate" has the meaning specified therefor in Section 7.01(a)(iv).

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated EBITDA" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period:

(a) increased (without duplication) by the following, in each case (other than clauses (vii) and (ix)) to the extent deducted (and not added back) in determining Consolidated Net Income for such period:

(i) any provision for (or less any benefit, including income tax credits and refunds, from) income taxes (including franchise, gross receipts and single business taxes imposed in lieu of income taxes); plus

(ii) depreciation and amortization expense of such Person for such period; plus

(iii) the amount of any documented and clearly identifiable restructuring charges; provided that the amounts added to Consolidated EBITDA pursuant to this clause (iii) shall not exceed the lesser of 5% of Consolidated EBITDA and $3,000,000 for any period; and provided further, that amounts added to Consolidated EBITDA pursuant to this clause (iii) when aggregated with amounts added to Consolidated EBITDA pursuant to clause (vi) (other than pursuant to clause (vi)(1)) and clause (vii) shall not exceed (x) the lesser of 20% of Consolidated EBITDA and $11,000,000 for any period ending on or before June 30, 2020, (y) the lesser of 12.5% of Consolidated EBITDA and $8,000,000 for any period ending after June 30, 2020 but on or before December 31, 2020, and (z) the lesser of 10% of Consolidated EBITDA and $6,500,000 for any period ending thereafter; plus

(iv) any other non-cash charges or adjustments, including (A) any write offs or write downs reducing Consolidated Net Income for such period, (B) equity-based awards compensation expense and expenses related to or associated with deferred compensation programs, (C) losses on sales, disposals or abandonment of, or any impairment charges or asset write-down or write-off related to, intangible assets, long-lived assets, inventory and investments in debt and equity securities, (D) all losses from investments recorded using the equity method, (E) charges for facilities closed prior to the applicable lease expiration, and (F) non-cash expenses in connection with new studio or other facility openings and closings; plus

(v) the amount of (i) board of directors fees not to exceed $500,000 in the aggregate for such period and (ii) any Permitted Management Fees and related indemnities and expenses paid or accrued in such period under the Management Agreement, in each case, to the extent permitted hereunder; plus

(vi) (1) all fees, costs, charges or expenses in connection with Permitted Acquisitions and other Investments permitted hereunder (including Acquisitions consummated prior to the Effective Date), whether or not such acquisitions are consummated; provided, (A) with respect to Permitted Acquisitions and other Investments permitted hereunder that are consummated, such fees, costs, charges or expenses (a) are incurred within 120 days following the consummation of such acquisition or Investment and (b) shall not exceed $1,500,000 for any period, and (B) with respect to acquisitions and Investments which are not consummated, the aggregate amount of such fees, costs, charges or expenses added back shall not exceed $750,000 in the aggregate for such period and (2) the amount of extraordinary, nonrecurring or unusual losses (including all fees and expenses relating thereto), charges or expenses, integration costs, transition costs, pre-opening, opening, consolidation and closing costs for facilities or studios, costs and operating

expenses incurred in connection with any strategic initiatives or attributable to the implementation of cost saving initiatives, costs or accruals or reserves incurred in connection with Permitted Acquisitions and whether or not such acquisitions are consummated) whether on, after or prior to the Effective Date, other business optimization expenses (including costs and expenses relating to business optimization programs and new systems design and implementation costs), severance costs and expenses, one-time compensation charges, retention or completion bonuses, executive recruiting costs, consulting fees, restructuring costs and reserves, and curtailments or modifications to pension and postretirement employee benefit plans; provided, that the amounts added to Consolidated EBITDA pursuant to this clause (vi)(2) shall not exceed the lesser of 17.5% of Consolidated EBITDA and $11,000,000 for such period; and provided further, that amounts added to Consolidated EBITDA pursuant to this clause (vi) (other than pursuant to clause (vi)(1)) when aggregated with amounts added to Consolidated EBITDA pursuant to clause (iii) and clause (vii) shall not exceed (x) the lesser of 20% of Consolidated EBITDA and $11,000,000 for any period ending on or before June 30, 2020, (y) the lesser of 12.5% of Consolidated EBITDA and $8,000,000 for any period ending after June 30, 2020 but on or before December 31, 2020, and (z) the lesser of 10% of Consolidated EBITDA and $6,500,000 for any period ending thereafter; plus

(vii) the amount of "run-rate" cost savings, cost synergies and operating expense reductions related to restructurings, or cost savings initiatives that are projected by the Administrative Borrower in good faith to result from Permitted Acquisitions and Investments permitted hereunder with respect to which all actions have been taken and factual support has been provided to Lenders, in each case, during the 12 month period following such Permitted Acquisition or Investment (provided that in each case, such cost savings, cost synergies or operating expense reductions shall be certified by management of the Administrative Borrower and calculated on a pro forma basis as though such cost savings, cost synergies or operating expense reductions had been realized on the first day of such period), net of the amount of actual benefits realized from such actions during such period (it is understood and agreed that "run-rate" means the full recurring benefit that is associated with any action taken (which adjustments shall exclude the annualization of any studio royalties); provided that such cost savings, cost synergies and operating expenses are reasonably identifiable and factually supportable; and provided further that the amounts added to Consolidated EBITDA pursuant to this clause shall not exceed the lesser of 7.5% of Consolidated EBITDA and $4,000,000 for such period; and provided further, that amounts added to Consolidated EBITDA pursuant to this clause (vii) when aggregated with amounts added to Consolidated EBITDA pursuant to clause (iii) and clause (vi) (other than pursuant to clause (vi)(1)) shall not exceed (x) the lesser of 20% of Consolidated EBITDA and $11,000,000 for any period ending on or before June 30, 2020, (y) the lesser of 12.5% of Consolidated EBITDA and $8,000,000 for any period ending after June 30, 2020 but on or before December 31, 2020, and (z) the lesser of 10% of Consolidated EBITDA and $6,500,000 for any period ending thereafter; plus

(viii) any non-cash costs or expense incurred by the Parent or a Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement; plus

(ix) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to clause (b) below for any previous period and not added back; plus

(x) Consolidated Interest Expense for such period; plus

(xi) to the extent covered by insurance and actually reimbursed in cash, expenses with respect to liability or casualty events; plus

(xii) any proceeds of a business interruption insurance claim actually received in cash and solely to the extent replacing lost profits; plus

(xiii) any losses or start-up costs or expenses (excluding marketing costs and expenses funded or reasonably and in good faith expected to be funded with amounts contributed by franchisees in to marketing funds) incurred and reducing Consolidated Net Income for such period; provided that with respect to any test period, such amounts (A) be solely and directly attributable to any brand acquired by the Parent or any other Loan Party during the trailing twelve month period following the acquisition of such brand, (B) shall not exceed an amount equal to (i) $2,000,000 in the aggregate for any period ending after December 31, 2019 but on or prior to March 31, 2020, (ii) $1,000,000 in the aggregate for any period ending after March 31, 2020 but on or prior to June 30, 2020 and (iii) $0 in the aggregate for any period ending after June 30, 2020 and (C) be supported by documentation to the satisfaction of the Administrative Agent; plus

(xiv) solely to the extent not duplicative of amounts added back pursuant to clauses (i) through (xiii) above, addbacks identified in the RSM quality of earnings report dated February 27, 2020; plus

(xv) non-recurring Pure Barre Studio refresh expenses in an aggregate amount not to exceed $15,000,000; plus

(xvi) non-cash losses related to the fair value accounting of contingent liabilities including earn-outs; plus

(xvii) marketing expenses in an aggregate amount not to exceed (i) $1,750,000 for the period ending on March 31, 2020, (ii) $1,500,000 for the period ending on June 30, 2020, (iii) $1,000,000 for the period ending on September 30, 2020, and (iv) $0 for any period ending thereafter; plus

(xviii) non-recurring costs and expenses in connection with Studio Support for any period ending on or after June 30, 2020 until the period ending September 30, 2021, in an aggregate amount not to exceed $4,000,000; plus

(xix) non-recurring legal fees related to AKT seller mediation and/or litigation in an aggregate amount not to exceed $750,000;

(b) decreased (without duplication) by the following, in each case to the extent included in determining Consolidated Net Income for such period:

(i) non-cash gains increasing Consolidated Net Income of such Person for such period, excluding anynon-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period; plus

(ii) any non-cash gains with respect to cash actually received in a prior period unless such cash did not increase Consolidated EBITDA in such prior period; plus

(iii) extraordinary gains and unusual ornon-recurring gains (less all fees and expenses relating thereto); plus

(iv) non-cash gains related to the fair value accounting of contingent liabilities including earn-outs;

(v) in each case to the extent included in determining such Consolidated Net Income for such period and without duplication, the amount of positive Consolidated EBITDA of Subsidiaries that have not guaranteed the Obligations hereunder and provided Liens on their assets securing the Obligations for such period;

(c) increased or decreased (without duplication) by, as applicable, any adjustments resulting from the application of FASB Accounting Standards Codification 460, Guarantees.

For purposes of determining compliance with any financial test or ratio hereunder, Consolidated EBITDA (computed in accordance with the terms of this definition) of any Subsidiary acquired in a Permitted Acquisition by the Parent or any of its Subsidiaries during such period shall be included in determining Consolidated EBITDA of the Parent and its Subsidiaries for any period as if such Subsidiary was acquired at the beginning of such period. Notwithstanding the foregoing, the amount added to Consolidated EBITDA pursuant to clauses (a)(iii), (a)(vi) (other than pursuant to clause (a)(vi)(1)), (a)(vii) and (a)(xiii) may in the aggregate not exceed (x) the lesser of 20% of Consolidated EBITDA and $11,000,000 for any period ending on or before June 30, 2020, (y) the lesser of 12.5% of Consolidated EBITDA and $8,000,000 for any period ending after June 30, 2020 but on or before December 31, 2020, and (z) the lesser of 10% of Consolidated EBITDA and $6,500,000 for any period ending thereafter.

Notwithstanding the foregoing, for each of the periods set forth below, Consolidated EBITDA shall be the amount set forth opposite such period:

APPLICABLE PERIOD	CONSOLIDATED EBITDA
Fiscal Quarter ended March 31, 2019	$ 17,129,000
Fiscal Quarter ended June 30, 2019	$ 14,284,000
Fiscal Quarter ended September 30, 2019	$ 15,085,000
Fiscal Quarter ended December 31, 2019	$ 15,280,000

Notwithstanding anything in this Agreement or the other Loan Documents to the contrary, neither the incurrence of any CARES Act Indebtedness nor any payment or forgiveness of all or any portion of any CARES Act Indebtedness shall result in any increase to Consolidated EBITDA for any period.

"Consolidated Funded Indebtedness" means, with respect to any Person at any date and without duplication, all Indebtedness of such Person of the type described in clauses (a), (c), (e), (f) and (i) (to the extent (x) guaranteeing Indebtedness of the type described in clause (a), (c), (e) or (f) of the definition of Indebtedness or (y) consisting of Indebtedness with respect to earn- outs or other deferred payments in respect of Acquisitions consummated prior to the Effective Date and listed on Schedule 1.01(B)) of the definition of Indebtedness, determined on a consolidated basis in accordance with GAAP, including, in any event, but without duplication, with respect to Parent and its Subsidiaries, the Loans and the amount of their Capitalized Lease Obligations.

"Consolidated Net Income" means, with respect to any Person, for any period, the consolidated net income (or loss) of such Person and its Subsidiaries for such period; provided, however, that the following shall be excluded (without duplication): (a) the net income of any other Person in which such Person or one of its Subsidiaries has a joint interest with a third-party (which interest does not cause the net income of such other Person to be consolidated into the net income of such Person), except to the extent of the amount of dividends or distributions paid to such Person or Subsidiary, (b) the net income of any Subsidiary of such Person that is, on the last day of such period, subject to any restriction or limitation on the payment of dividends or the making of other distributions, to the extent of such restriction or limitation, and (c) the net income of any other Person arising prior to such other Person becoming a Subsidiary of such Person or merging or consolidating into such Person or its Subsidiaries. On any date of determination, (a) at any time prior to ~~September~~June 30, ~~2021~~2022 , the Consolidated Net Income will be measured on a Modified Cash Basis and (b) at any time on or after ~~September~~June 30, ~~2021~~2022 , the Consolidated Net Income will be measured on a GAAP accrual basis.

"Consolidated Net Interest Expense" means, with respect to any Person for any period, (a) gross interest expense of such Person and its Subsidiaries for such period determined on a consolidated basis and in accordance with GAAP (including, without limitation, interest expense paid to Affiliates (other than the Loan Parties) of such Person, debt extinguishment costs, lender and agency fees and other loan servicing fees, Unused Line Fee, write-downs of deferred financing costs and original issue discount, commissions and fees with respect to letters of credit,

imputed interest on Capitalized Leases and similar items), less (b) the sum of (i) interest income for such period and (ii) gains for such period on Hedging Agreements (to the extent not included in interest income above and to the extent not deducted in the calculation of gross interest expense), plus (c) the sum of (i) losses for such period on Hedging Agreements (to the extent not included in gross interest expense) and (ii) the upfront costs or fees for such period associated with Hedging Agreements (to the extent not included in gross interest expense), in each case, determined on a consolidated basis and in accordance with GAAP.

"Contingent Obligation" means, with respect to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, (a) the direct or indirect guaranty, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of a primary obligor, (b) the obligation to make take-or- pay or similar payments, if required, regardless of nonperformance by any other party or parties to an agreement, and (c) any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, assets, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that the term "Contingent Obligation" shall not include any indemnities on product warranties extended in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation with respect to which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability with respect thereto (assuming such Person is required to perform thereunder), as determined by such Person in good faith. All existing Contingent Obligations constituting earn- outs or other deferred payments in respect of Acquisitions consummated prior to the Effective Date are listed on Schedule 1.01(B).

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Controlled Investment Affiliate" means, as to any Person, any other Person that (a) directly or indirectly, is in control of, is controlled by, or is under common control with, such Person and (b) is organized by such Person primarily for the purpose of making equity or debt investments in one or more companies. For purposes of this definition, "control" of a Person means the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"DDTL Commitment Expiration Date" means the earliest to occur of (a) the date on which the Delayed Draw Term Loan Commitments have been fully drawn, (b) June 28, 2020,

(c) the date on which the Delayed Draw Term Loan Commitments are terminated and permanently reduced to zero in accordance with Section 2.05(a)(iii) and (d) the date of the acceleration of the Loans in accordance with the terms of this Agreement.

"DDTL Unused Commitment Fee" has the meaning specified therefor in Section 2.06(c).

"Debtor Relief Law" means the Bankruptcy Code and any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief law of the United States or other applicable jurisdiction from time to time in effect.

"Default" means an event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Defaulting Lender" means any Lender that (i) has failed to fund any portion of the Loans required to be funded by it hereunder within one Business Day of the date required to be funded by it hereunder and has not cured such failure prior to the date of determination, (ii) has otherwise failed to pay over to any Agent or any other Lender any other amount required to be paid by it hereunder within one Business Day of the date when due, unless the subject of a good faith dispute, and has not cured such failure prior to the date of determination, or (iii) has been deemed insolvent or become the subject of an Insolvency Proceeding.

"Delayed Draw Term Loan" means, collectively, the loans made by the Delayed Draw Term Loan Lenders to the Borrowers pursuant to Section 2.01(a)(iii).

"Delayed Draw Term Loan Commitment" means, with respect to each Lender, the commitment of such Lender to make a Delayed Draw Term Loan to the Borrower in the amount set forth under the heading 'Delayed Draw Term Loan' in Schedule 1.01(A) hereto, as the same may be terminated or reduced from time to time in accordance with the terms of this Agreement.

"Delayed Draw Term Loan Lender" means a Lender with a Delayed Draw Term Loan Commitment or a Delayed Draw Term Loan.

"Disposition" means any transaction, or series of related transactions, pursuant to which any Person or any of its Subsidiaries sells, assigns, transfers or otherwise disposes of any property or assets (whether now owned or hereafter acquired) to any other Person, in each case, whether or not the consideration therefor consists of cash, securities or other assets owned by the acquiring Person, excluding any sales of Inventory in the ordinary course of business on ordinary business terms.

"Disqualified Equity Interests" means any Equity Interest that, by its terms (or by the terms of any security or other Equity Interest into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition, (a) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the date which is 91 days after the Final Maturity Date, (b) is convertible into or exchangeable for (i) debt securities or (ii) any Equity Interests referred to

in clause (a) above, in each case at any time prior to the date which is 91 days after the Final Maturity Date, (c) contains any repurchase obligation that may come into effect either (i) prior to payment in full of all Obligations (other than unasserted contingent indemnification Obligations) or (ii) prior to the date that is 91 days after the Final Maturity Date or (d) provides for scheduled payments or the payment of cash dividends or distributions prior to the date that is 91 days after the Final Maturity Date; provided, however, that any Equity Interests that would not constitute Disqualified Equity Interests but for provisions thereof giving holders thereof (or the holders of any security into or for which such Equity Interests is convertible, exchangeable or exercisable) the right to require the issuer thereof to redeem such Equity Interests upon the occurrence of a Change of Control or a Disposition occurring prior to the date which is 91 days after the Final Maturity Date shall not constitute Disqualified Equity Interests if such Equity Interests provide that the issuer thereof will not redeem any such Equity Interests pursuant to such provisions prior to the date which is 91 days after the Final Maturity Date.

"Dollar," "Dollars" and the symbol "$" each means lawful money of the United States of America.

"Domestic Subsidiary" means any Subsidiary incorporated or organized under the laws of the United States of America, any state thereof or the District of Columbia.

"Effective Date" means February 28, 2020, the first date on which each of the conditions precedent set forth inSection 5.01 shall have been satisfied (or waived) in a manner reasonably satisfactory to the Agents.

"Effectiveness Date" means the date indicated in a document or agreement to be the date on which such document or agreement becomes effective, or, if there is no such indication, the date of execution of such document or agreement.

"Eligible Contract Participant" means an "eligible contract participant" as defined in the CEA and regulations thereunder.

"Eligibility Date" means, with respect to each Borrower and Guarantor and each Swap, the date on which this Agreement or any other Loan Document becomes effective with respect to such Swap (for the avoidance of doubt, the Eligibility Date shall be the Effectiveness Date of such Swap if this Agreement or any other Loan Document is then in effect with respect to such Borrower or Guarantor, and otherwise it shall be the Effectiveness Date of this Agreement and/or such other Loan Document(s) to which such Borrower or Guarantor is a party).

"Eligible Transferee" means (a) a Lender or any Affiliate of a Lender or a Related Fund, (b) a commercial bank organized under the laws of the United States, or any state thereof, and having total assets or net worth in excess of $100,000,000, (c) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development or a political subdivision of any such country and which has total assets or net worth in excess of $100,000,000, provided that such bank is acting through a branch or agency located in the United States, (d) a finance company, insurance company, or other financial institution or fund (other than an Affiliated Lender) that is engaged in making, purchasing, or otherwise investing in commercial loans in the ordinary course of its business and

having (together with its Affiliates) total assets or net worth in excess of $100,000,000, and (e) any Affiliated Lender. No natural person (or any entity organized for the benefit of a natural person) shall be an Eligible Transferee.

"Employee Plan" means an employee benefit plan (other than a Multiemployer Plan) covered by Title IV of ERISA and maintained (or that was maintained at any time during the 6 calendar years preceding the date of any borrowing hereunder) for employees of any Loan Party or any of its ERISA Affiliates.

"Environmental Actions" means any written complaint, summons, citation, notice, directive, order, claim, litigation, investigation, judicial or administrative proceeding, judgment, letter or other written communication from any Person or Governmental Authority to any Loan Party or any of its Subsidiaries involving violations of Environmental Laws or Releases of Hazardous Materials (a) from any assets, properties or businesses owned or operated by any Loan Party or any of its Subsidiaries or any predecessor in interest; (b) from adjoining properties or businesses; or (c) onto any facilities which received Hazardous Materials generated by any Loan Party or any of its Subsidiaries or any predecessor in interest.

"Environmental Laws" means the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. § 1801, et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901, et seq.), the Federal Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.) and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), as such laws may be amended or otherwise modified from time to time, and any other Requirement of Law, permit, license or other binding determination of any Governmental Authority imposing liability or establishing standards of conduct for protection of the environment or other binding government restrictions relating to the protection of the environment or the Release, deposit or migration of any Hazardous Materials into the environment.

"Environmental Liabilities and Costs" means all liabilities, monetary obligations, Remedial Actions, losses, damages, punitive damages, consequential damages, treble damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants and costs of investigations and feasibility studies), fines, penalties, sanctions and interest which relate to any environmental condition on or a Release of Hazardous Materials from or onto (i) any property presently or formerly owned by any Loan Party or any of its Subsidiaries or (ii) any facility which received Hazardous Materials generated by any Loan Party or any of its Subsidiaries.

"Environmental Lien" means any Lien in favor of any Governmental Authority for Environmental Liabilities and Costs.

"Equity Interest" means (a) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, and (b) with respect to any Person that is not a corporation, any and all partnership, membership or other equity interests of such Person.

"Equity Issuance" means either (a) the sale or issuance by any Loan Party or any of its Subsidiaries of any shares of its Equity Interests or (b) the receipt by Parent of any cash capital contributions.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case, as in effect from time to time. References to sections of ERISA shall be construed also to refer to any successor sections.

"ERISA Affiliate" means, with respect to any Person, any trade or business (whether or not incorporated) which is a member of a group of which such Person is a member and which would be deemed to be a "controlled group" within the meaning of Sections 414(b), (c), (m) and (o) of the Internal Revenue Code.

"Event of Default" means any of the events set forth in Section 9.01.

"Excess Cash Flow" means, with respect to any Person for any period, (a) Consolidated EBITDA of such Person and its Subsidiaries for such period, less (b) the sum of (without duplication):

(i) all cash principal payments made pursuant to Sections 2.03(b) and 2.05(c)(v) and (vii) and all cash principal payments on other Indebtedness (other than the Loans) of such Person or any of its Subsidiaries during such period to the extent such other Indebtedness is permitted to be incurred, and such payments are permitted to be made, under this Agreement (but, in the case of revolving loans, only to the extent that the revolving loan commitment in respect thereof is permanently reduced by the amount of such payments),

(ii) all Consolidated Net Interest Expense to the extent paid or payable in cash during such period,

(iii) all payments paid in cash during such period on account of Capital Expenditures and Permitted Acquisitions by such Person and its Subsidiaries to the extent permitted to be made under this Agreement (excluding Capital Expenditures and Permitted Acquisitions to the extent financed through the incurrence of Indebtedness or through the issuance of Equity Interests),

(iv) all scheduled loan servicing fees and other similar fees in respect of Indebtedness of such Person or any of its Subsidiaries paid in cash during such period,

(v) income taxes paid in cash or payable by such Person and its Subsidiaries for such period and any Tax Distributions,

(vi) the aggregate amount paid by the Loan Parties and their Subsidiaries in cash during such period on account of Permitted Acquisitions (excluding the portion of such payments financed through the incurrence of Indebtedness or through the issuance of Equity Interests),

(vii) the excess, if any, of Working Capital at the end of such period minus Working Capital at the beginning of such period (or minus the excess, if any, of Working Capital at the beginning of such period minus Working Capital at the end of such period),

(viii) amounts on account of reserves or accruals established in purchase accounting,

(ix) the amount of Restricted Payments paid in cash pursuant to Section 7.02(h) during such period,

(x) Permitted Management Fees paid during such period to the extent permitted under Section 7.02(h), and

(xi) [Intentionally Omitted];

(xii) any Investments made in accordance with the terms of this Agreement, in each case except to the extent financed with the proceeds of long-term Indebtedness (other than Revolving Loans); and

(xiii) all other cash items added back to calculate Consolidated EBITDA during such period.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Accounts" means any Petty Cash Account and any other deposit account used for (a) funding payroll or segregating payroll taxes or funding other employee wage or benefit payments, (b) segregating 401(k) contributions or contributions to an employee stock purchase plan or (c) funding other employee health and benefit plans.

"Excluded Hedge Liability or Liabilities" means, with respect to each Borrower and Guarantor, each of its Swap Obligations if, and only to the extent that, all or any portion of this Agreement or any Other Document that relates to such Swap Obligation is or becomes illegal under the CEA, or any rule, regulation or order of the CFTC, solely by virtue of such Borrower's and/or Guarantor's failure to qualify as an Eligible Contract Participant on the Eligibility Date for such Swap. Notwithstanding anything to the contrary contained in the foregoing or in any other provision of this Agreement or any Other Document, the foregoing is subject to the following provisos: (a) if a Swap Obligation arises under a master agreement governing more than one Swap, this definition shall apply only to the portion of such Swap Obligation that is attributable to Swaps for which such guaranty or security interest is or becomes illegal under the CEA, or any rule, regulations or order of the CFTC, solely as a result of the failure by such Borrower or Guarantor for any reason to qualify as an Eligible Contract Participant on the Eligibility Date for such Swap; (b) if a guarantee of a Swap Obligation would cause such obligation to be an Excluded Hedge Liability but the grant of a security interest would not cause such obligation to be an Excluded Hedge Liability, such Swap Obligation shall constitute an Excluded Hedge Liability for purposes of the guaranty but not for purposes of the grant of the security interest; and (c) if there is more than one Borrower or Guarantor executing this Agreement or the Other Documents and a Swap Obligation would be an Excluded Hedge Liability with respect to one or more of such Persons, but not all of them, the definition of Excluded Hedge Liability or Liabilities with respect to each such

Person shall only be deemed applicable to (i) the particular Swap Obligations that constitute Excluded Hedge Liabilities with respect to such Person, and (ii) the particular Person with respect to which such Swap Obligations constitute Excluded Hedge Liabilities.

"Excluded Subsidiary" means (a) any Immaterial Subsidiary, (b) any Non-Wholly Owned Subsidiary, (c) any Subsidiary that is prohibited or restricted by law, rule or regulation or by any contractual obligation from providing a guarantee or that would require a governmental (including regulatory) or third party consent, approval, license or authorization in order to provide such guarantee (including under any financial assistance, corporate benefit, thin capitalization, capital maintenance, liquidity maintenance or similar legal principles), it being understood that the Parent and its Subsidiaries shall have no obligation to obtain any such consent, approval, license or authorization, (d) any Foreign Subsidiary and (e) any other Subsidiary designated as such by the Administrative Agent in writing at the request of the Administrative Borrower, such designation to be granted in the reasonable discretion of the Administrative Agent.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profit Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.08, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Sections 2.08(d) or (e) and (d) any withholding Taxes imposed under FATCA.

"Executive Order No. 13224" means the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

"Existing Agent" means Monroe Capital Management Advisors, LLC.

"Existing Credit Facility" means that certain Second Amended and Restated Credit Agreement, dated as of October 25, 2018 (as amended, restated, supplemented or otherwise modified prior to the Effective Date), by and among the Administrative Borrower, St. Gregory Holdco, LLC, the other Loan Parties signatories thereto, the Existing Lenders and the Existing Agent, together with all other documents and instruments relating thereto.

"Existing Lenders" means the lenders party to the Existing Credit Facility.

"Extraordinary Receipts" means any cash received by Parent or any of its Subsidiaries in connection with the following: (a) foreign, United States, state or local tax refunds, (b) pension plan reversions, (c) proceeds of insurance and insurance claim refunds (excluding (i)

insurance proceeds received which are owed to a third party (including legal, accounting and other professional and transaction fees arising from events giving rise to such proceeds) that is not an Affiliate of Parent or any of its Subsidiaries in accordance with applicable Requirements of Law or with Contractual Obligations entered into by the Loan Parties or their Subsidiaries from time to time in the ordinary course of business, (ii) so long as no Event of Default has occurred and is continuing, business interruption insurance proceeds (if any) and (iii) insurance proceeds received by the Parent or any of its Subsidiaries as reimbursement for any out-of-pocket costs incurred or made by such Person prior to the receipt thereof directly related to the event resulting from the payment of such proceeds), (d) judgments, proceeds of settlements or other consideration of any kind in connection with any cause of action (excluding, any portion thereof that represents out-of- pocket expenses by such Person), (e) condemnation awards (and payments in lieu thereof) (excluding any portion thereof that represents out-of-pocket expenses by such Person) and (f) indemnity payments to the extent the amount received is not required to be remitted to any other Person (other than any Affiliate of Parent or any of its Subsidiaries) and to the extent such proceeds exceed the loss, damages, fees, costs and expenses incurred by or actual remediation and replacement costs of the applicable Loan Party or Subsidiary in connection with any such matter.

"Facility" means a parcel of real property owned in fee simple and described on Schedule 6.01(o), including, without limitation, the land on which such facility or office is located, all buildings and other improvements thereon, all fixtures located at or used in connection with such facility or office, all whether now or hereafter existing.

"FASB ASC" means the Accounting Standards Codification of the Financial Accounting Standards Board.

"FATCA" means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code, any intergovernmental agreement entered into in connection with the foregoing and any legislation, regulations or official rules or practices adopted pursuant to any such intergovernmental agreement.

"FCPA" has the meaning specified therefor in Section 6.01(jj).

"Federal Funds Effective Rate" for any day shall mean the rate per annum (based on a year of 360 days and actual days elapsed and rounded upward to the nearest 1/100 of 1%) announced by the Federal Reserve Bank of New York (or any successor) on such day as being the weighted average of the rates on overnight federal funds transactions arranged by federal funds brokers on the previous trading day, as computed and announced by such Federal Reserve Bank (or any successor) in substantially the same manner as such Federal Reserve Bank computes and announces the weighted average it refers to as the "Federal Funds Effective Rate" as of the date of this Agreement; provided, if such Federal Reserve Bank (or its successor) does not announce such rate on any day, the "Federal Funds Effective Rate" for such day shall be the Federal Funds Effective Rate for the last day on which such rate was announced.

"Fee Letter" means the fee letter, dated as of the Effective Date, among the Borrowers and the Collateral Agent

"Final Maturity Date" means the earliest of (i) February 28, 2025, (ii) the date on which all Loans shall become due and payable in accordance with the terms of this Agreement, and (iii) the payment in full of all Obligations (other than contingent indemnification obligations as to which no claim has been made) and the termination of all Commitments.

"Financial Statements" means (a) the audited consolidated balance sheet of the Parent and its Subsidiaries for the Fiscal Year ended December 31, 2018, and the related consolidated statement of operations, shareholders' equity and cash flows for the Fiscal Year then ended, and (b) the unaudited consolidated balance sheet of the Parent and its Subsidiaries for the thirteen months ended January 31, 2020, and the related consolidated statement of operations, shareholder's equity and cash flows for the thirteen months then ended.

"First Amendment" means the First Amendment to Financing Agreement, dated as of August [4], 2020, among the Loan Parties, the Lenders and the Agents.

"First Amendment Effective Date" has the meaning specified therefor in Section 3 of the First Amendment.

"Fiscal Year" means the fiscal year of the Parent and its Subsidiaries ending on December 31 of each year.

"Flow of Funds Agreement" means a Flow of Funds Agreement, in form and substance reasonably satisfactory to the Collateral Agent, by and among the Loan Parties, the Agents, the Lenders and the other Persons party thereto, and the funds flow memorandum attached thereto describing the sources and uses of all cash payments in connection with the Transactions.

"Foreign Subsidiary" means any Subsidiary of the Parent that is not a Domestic Subsidiary.

"Franchise" means a franchise or licensing arrangement subject to a Franchise Agreement for the operation of a Franchised Location.

"Franchise Agreements" means any franchise agreements whether now existing or hereafter entered into by the Parent or any of its Subsidiaries and related to the franchising of the business of operating a Franchised Location, and all other agreements with any Franchisee, sub-franchisee or similar Person to which any Loan Party is a party, in each case, related to the franchising of the business of operating a Franchised Location, all as amended or modified from time to time.

"Franchise Collections" mean those collections of the Parent and its Subsidiaries derived from any Accounts Receivable, however evidenced, constituting payment obligations, revenue, profits, income, royalties, finder's fees, and deferred sales fees payable to an obligor pursuant to the terms of any Franchise Agreements.

"Franchised Location" means a health and wellness facility owned and operated by a Loan Party or a Franchisee.

"Franchisee" means any franchisee under a Franchise Agreement.

"Funding Losses" has the meaning specified therefor in Section 2.09(e).

"GAAP" means generally accepted accounting principles in effect from time to time in the United States, applied on a consistent basis, provided that for the purposes of Section 7.03 hereof and the definitions used therein, "GAAP" shall mean generally accepted accounting principles in effect on the date hereof and consistent with those used in the preparation of the Financial Statements, provided, further, that if there occurs after the date of this Agreement any change in GAAP that affects in any respect the calculation of the financial covenant contained in Section 7.03 hereof, the Collateral Agent and the Administrative Borrower shall negotiate in good faith amendments to the provisions of this Agreement that relate to the calculation of such covenant with the intent of having the respective positions of the Lenders and the Borrowers after such change in GAAP conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have been agreed upon, the financial covenant set forth in Section 7.03 hereof shall be calculated as if no such change in GAAP has occurred; provided that neither any Agent nor any Lender shall be entitled to receive any fees (other than reimbursement of their reasonable out-of-pocket expenses (including reasonable legal fees) pursuant to Section 12.04 hereof) in connection with such amendments.

"General Atlantic Investment" means receipt by the Parent of proceeds of a direct or indirect cash equity investment by General Atlantic LLC in an amount equal to no less than $80,000,000; provided, that all material terms and provisions of such investment shall be in form and substance reasonably satisfactory to the Agents.

"Governing Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization, and the operating agreement; (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture agreement, declaration or other applicable agreement or documentation evidencing or otherwise relating to its formation or organization; and (d) with respect to any of the entities described above, any other agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization.

"Governmental Authority" means any nation or government, any Federal, state, city, town, municipality, county, local or other political subdivision thereof or thereto and any department, commission, board, bureau, instrumentality, agency or other entity acting within its legal authority and exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including, without limitation, the SEC.

"Governmental Order" means any order, writ, judgment, injunction, decree, stipulation, determination, decision, verdict or award issued, made, rendered or entered by or with any Governmental Authority.

"Guaranteed Obligations" has the meaning specified therefor in Section 11.01.

"Guarantor" has the meaning specified therefor in the preamble hereto, it being understood and agreed that no Excluded Subsidiaries of the Parent shall be Guarantors.

"Guaranty" means (a) the guaranty of each Guarantor party hereto contained in ARTICLE XI hereof ~~and~~, (b) the Sponsor Guaranty, and (c) each other guaranty, in form and substance reasonably satisfactory to the Collateral Agent, made by any other Guarantor in favor of the Collateral Agent for the benefit of the Agents and the Lenders guaranteeing all or part of the Obligations.

"Hazardous Material" means (a) any element, compound or chemical that is defined, listed or otherwise classified as a contaminant, pollutant, toxic pollutant, toxic or hazardous substance, extremely hazardous substance or chemical, hazardous waste, special waste, or solid waste under Environmental Laws; (b) any pollutant, contaminant, waste, hazardous waste, toxic substance or dangerous good which is defined in or regulated as such by any Environmental Law and which is present in the environment in such quantity or state that it contravenes any Environmental Law; (c) petroleum and its refined products; (d) polychlorinated biphenyls; (e) any substance exhibiting a hazardous waste characteristic, including, without limitation, corrosivity, ignitability, toxicity or reactivity as well as any radioactive or explosive materials; and (f) any raw materials, building components (including, without limitation, asbestos-containing materials) and manufactured products containing hazardous substances listed or classified as such under Environmental Laws.

"Hedging Agreement" means any interest rate, foreign currency, commodity or equity swap, collar, cap, floor, adjustable strike cap, adjustable strike corridor, cross-currency swap or forward rate agreement, or other agreement or arrangement designed to protect against fluctuations in interest rates or currency, commodity or equity values (including, without limitation, any option with respect to any of the foregoing and any combination of the foregoing agreements or arrangements, and (without limiting the generality of any of the foregoing) specifically including any foreign exchange transaction, including spot and forward foreign currency purchases and sales, listed or over-the-counter options on foreign currencies, non- deliverable forwards and options, foreign currency swap agreements, and currency exchange rate price hedging arrangements), and any confirmation executed in connection with any such agreement or arrangement.

"Highest Lawful Rate" means, with respect to any Agent or any Lender, the maximum non-usurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the Obligations under laws applicable to such Agent or such Lender which are currently in effect or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum non-usurious interest rate than applicable laws now allow.

"Holdout Lender" has the meaning specified therefor in Section 12.02(b).

"Immaterial Subsidiary" means any Subsidiary or group of Subsidiaries identified in writing to the Agents that does not account for, on an aggregate basis, greater than 2.0% of the assets or greater than 2.0% of the revenues of the Parent and its Subsidiaries on a consolidated basis.

"Indebtedness" means, with respect to any Person, without duplication, (a) all indebtedness of such Person for borrowed money; (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables and accrued expenses or other accounts payable incurred in the ordinary course of such Person's business and not outstanding for more than 90 days (180 days if a *bona fide* dispute exists in respect of such trade payable so long as adequate reserves have been set aside for the payment thereof on the Financial Statements in accordance with GAAP) after the date such payable was created); (c) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments or upon which interest payments are customarily made; (d) all reimbursement, payment or other obligations and liabilities of such Person created or arising under any conditional sales or other title retention agreement with respect to property used and/or acquired by such Person, even though the rights and remedies of the lessor, seller and/or lender thereunder may be limited to repossession or sale of such property, (e) all Capitalized Lease Obligations of such Person; (f) all obligations and liabilities, contingent or otherwise, of such Person, in respect of letters of credit, acceptances and similar facilities other than obligations and liabilities that are cash collateralized on terms reasonably satisfactory to the Agents; (g) all net obligations and liabilities, calculated on a basis reasonably satisfactory to the Collateral Agent and in accordance with accepted practice, of such Person under Hedging Agreements; (h) all monetary obligations under any receivables factoring, receivable sales or similar transactions and all monetary obligations under any synthetic lease, tax ownership/operating lease, off-balance sheet financing or similar financing; (i) all Contingent Obligations; (j) all Disqualified Equity Interests; and (k) all obligations referred to in clauses (a) through (j) of this definition of another Person secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien upon property owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness, provided, however that if recourse in respect of any Indebtedness of the foregoing is limited to specific assets, then such Indebtedness shall be deemed to be equal to the lesser of (x) the aggregate unpaid amount of such Indebtedness and (y) the fair market value of the asset encumbered thereby as determined by such Person in good faith; provided further, that Indebtedness shall not include (i) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase price of an asset to satisfy warranties or other unperformed obligations of the seller of such asset, (ii) endorsements of checks or drafts arising in the ordinary course of business, (iii) preferred Equity Interests to the extent not constituting Disqualified Equity Interests, (iv) any earnout or similar purchase price obligation until such obligation becomes due and payable and required to be reflected on the balance sheet of such Person in accordance with GAAP, and (v) deferred fees and expenses payable under the Management Agreement. The Indebtedness of any Person shall include the Indebtedness of any partnership of or joint venture in which such Person is a general partner or a joint venturer, so long as, in the case of a joint venture, such Indebtedness is recourse to any Loan Party. For the avoidance of doubt, "Indebtedness" shall exclude operating leases.

"Indemnified Matters" has the meaning specified therefor in Section 12.15.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"Indemnitees" has the meaning specified therefor in Section 12.15.

"Ineligible Institutions" means (a) a Competitor, (b) those other entities designated in writing by the Administrative Borrower, delivered to the Collateral Agent and agreed to by the Collateral Agent or (c) in the case of clauses (a) and (b), any of their respective Affiliates that are (i) readily identifiable as Affiliates on the basis of their name or (ii) identified by name by the Administrative Borrower to the Collateral Agent in writing from time to time.

"Insolvency Proceeding" means any proceeding commenced by or against any Person under any provision of any Debtor Relief Law.

"Intercompany Subordination Agreement" means an Intercompany Subordination Agreement made by the Loan Parties in favor of the Collateral Agent for the benefit of the Agents and the Lenders, in form and substance reasonably satisfactory to the Collateral Agent.

"Initial Term Loan" means, collectively, the loans made by the Initial Term Loan Lenders to the Borrowers on the Effective Date pursuant to Section 2.01(a)(ii).

"Initial Term Loan Commitment" means, with respect to each Initial Term Loan Lender, the commitment of such Lender to make the Initial Term Loan on the Effective Date to the Borrowers in the amount set forth under the heading "Initial Term Loan" in Schedule 1.01(A) hereto, as the same may be terminated or reduced from time to time in accordance with the terms of this Agreement

"Initial Term Loan Lender" means a Lender with an Initial Term Loan Commitment or an Initial Term Loan.

"Interest Period" means, with respect to each LIBOR Rate Loan, a period commencing on the date of the making of such LIBOR Rate Loan (or the continuation of a LIBOR Rate Loan or the conversion of a Reference Rate Loan to a LIBOR Rate Loan) and ending 1, 2 or 3 months thereafter as selected by the Administrative Borrower; provided, however, that (a) if any Interest Period would end on a day that is not a Business Day, such Interest Period shall be extended (subject to clauses (c)-(e) below) to the next succeeding Business Day, (b) interest shall accrue at the applicable rate based upon the LIBOR Rate from and including the first day of each Interest Period to, but excluding, the day on which any Interest Period expires, (c) any Interest Period that would end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day, (d) with respect to an Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period), the Interest Period shall end on the last Business Day of the calendar month that is 1, 2 or 3 months after the date on which the Interest Period began, as applicable, and (e) the Administrative Borrower may not select an Interest Period which will end after the Final Maturity Date.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended (or any successor statute thereto) and the regulations thereunder.

"Inventory" means, with respect to any Person, all goods and merchandise of such Person, including, without limitation, all raw materials, work-in-process, packaging, supplies, materials and finished goods of every nature used or usable in connection with the shipping, storing, advertising or sale of such goods and merchandise, whether now owned or hereafter acquired.

"Investment" has the meaning specified therefor in Section 7.02(e); provided that the amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, less all returns of principal and other cash returns therefor.

"Joinder Agreement" means a Joinder Agreement, substantially in the form of Exhibit A, duly executed by a Domestic Subsidiary of a Loan Party made a party hereto pursuant to Section 7.01(b).

"Landlord Waivers" has the meaning specified therefor in Section 7.01(m).

"Lease" means any lease of real property to which any Loan Party or any of its Subsidiaries is a party as lessor or lessee.

"Lender" has the meaning specified therefor in the preamble hereto.

"LIBOR" means, with respect to any LIBOR Rate Loan for any Interest Period, the London interbank offered rate as calculated by the ICE Benchmark Administration (or any other Person that takes over the administration of such rate) and obtained through a nationally recognized service such as the Dow Jones Market Service (Telerate) or Reuters (or on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion; in each case, the "Screen Rate"), or a comparable or successor rate that has been approved by the Administrative Agent, at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; provided, that, if the Screen Rate shall not be available at such time for such Interest Period (an "Impacted Interest Period") with respect to Dollars, then LIBOR shall be the Interpolated Rate at such time. "Interpolated Rate" means, at any time, the rate per annum determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the Screen Rate for the longest period (for which that Screen Rate is available in Dollars) that is shorter than the Impacted Interest Period and (b) the Screen Rate for the shortest period (for which that Screen Rate is available for Dollars) that exceeds the Impacted Interest Period, in each case, at such time.

"LIBOR Notice" means a written notice substantially in the form of Exhibit C.

"LIBOR Option" has the meaning specified therefor in Section 2.07(a).

"LIBOR Rate" means, for each Interest Period for each LIBOR Rate Loan, the greater of (a) the rate per annum determined by the Administrative Agent (rounded upwards if necessary, to the next 1/100%) by dividing (i) LIBOR for such Interest Period by (ii) 100% minus the Reserve Percentage and (b) 1.375% in the case of Term Loans and 1.375% in the case of Revolving Loans. The LIBOR Rate shall be adjusted on and as of the effective day of any change in the Reserve Percentage. If, at any time, the supervisor for the administrator of the offered rates referenced in the definition of LIBOR Rate or a Governmental Authority has made a public statement identifying a specific date after which the offered rates referenced in the definition of LIBOR Rate shall no longer be used for determining interest rates for loans (an "Alternative Interest Rate Election Event"), then the Administrative Agent and the Administrative Borrower shall endeavor to establish an alternate rate of interest to the LIBOR Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable. To the extent an alternate rate of interest is adopted as contemplated hereby, the approved rate shall be applied in a manner consistent with prevailing market convention; provided that, to the extent such prevailing market convention is not administratively feasible for the Administrative Agent, such approved rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent and the Administrative Borrower. From such time as an Alternative Interest Rate Election Event has occurred and is continuing until an alternate rate of interest has been determined in accordance with the terms and conditions of this paragraph, if any Notice of Borrowing requests a LIBOR Rate Loan, such Loan shall be made as a Base Rate Loan; provided that this sentence shall apply during such period only if the offered rate referenced in the definition of LIBOR Rate for such Interest Period is not available or published at such time on a current basis. Notwithstanding anything contained herein to the contrary, if such alternate rate of interest as determined in this paragraph is determined to be less than 1.375% per annum for Term Loans or 1.375% per annum for Revolving Loans, such rate shall be deemed to be 1.375% per annum for the purposes of this Agreement for Term Loans and 1.375% for the purposes of this Agreement for Revolving Loans.

"LIBOR Rate Loan" means each portion of a Loan that bears interest at a rate determined by reference to the LIBOR Rate.

"Lien" means any mortgage, deed of trust, pledge, lien (statutory or otherwise), security interest, charge or other encumbrance or security or preferential arrangement of any nature, including, without limitation, any conditional sale or title retention arrangement, any Capitalized Lease and any assignment, deposit arrangement or financing lease intended as, or having the effect of, security, but not including the interest of a lessor under a lease that is an operating lease.

"Loan" means the Term Loans or any Revolving Loan made by an Agent or a Lender to the Borrowers pursuant toARTICLE II hereof.

"Loan Account" means an account maintained hereunder by the Administrative Agent on its books of account at the Payment Office, and with respect to the Borrowers, in which the Borrowers will be charged with all Loans made to, and all other Obligations incurred by, the Borrowers.

"Loan Document" means this Agreement, the Fee Letter, any Guaranty, any Joinder Agreement, any Mortgage, any Security Agreement, the Sponsor Guaranty, the Flow of Funds Agreement, the Intercompany Subordination Agreement, any Perfection Certificate, any collateral access agreement, any landlord subordination or waiver agreement, any other agreement, instrument, certificate, report and other document executed and delivered pursuant hereto or thereto or otherwise evidencing or securing any Loan or any other Obligation.

"Loan Party" means any Borrower and any Guarantor.

"Management Agreement" means that certain Management Services Agreement, dated as of September 29, 2017, by and among TPG Growth III Management, LLC and H&W Investco Management LLC.

"Material Adverse Effect" means a material adverse effect on any of (a) the operations, business, assets, properties or financial condition of the Loan Parties taken as a whole, (b) the ability of the Loan Parties taken as a whole to perform any of their payment or reporting obligations under any Loan Document to which it is a party, (c) the legality, validity or enforceability against any Loan Party of this Agreement or any other material Loan Document, (d) the rights and remedies of any Agent or any Lender under any Loan Document, or (e) the validity, perfection or priority of a Lien (other than the Collateral Agent's Lien on any Collateral the perfection of which is not required under the Loan Documents) in favor of the Collateral Agent for the benefit of the Agents and the Lenders on any of the Collateral having a fair market value in excess of $2,000,000 (except to the extent resulting from any actions or inactions on the part of the Agents based upon timely receipt of information regarding the Loan Parties as required by this Agreement).

"Material Contract" means, with respect to any Person, (a) each contract or agreement to which that Person or any of its Subsidiaries is a party involving aggregate consideration payable to or by that Person or that Subsidiary of $500,000 or more in any Fiscal Year; and (b) all other contracts or agreements as to which the breach, nonperformance, cancellation, or failure to renew (without contemporaneous replacement of substantially equivalent value) by any party could reasonably be expected to have a Material Adverse Effect.

"Material Real Estate Asset" means any individual real property owned in fee- simple, and the improvements thereto, located in the United States of America and having a fair market value (as determined by the Borrower in good faith after taking into account any liabilities with respect thereto that impact such fair market value) in excess of $500,000.

"Modified Cash Basis" means financial reporting on a GAAP accrual basis, except franchise territory sales and equipment sales will be recorded on a cash basis.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Mortgage" means a mortgage, deed of trust or deed to secure debt, in form and substance reasonably acceptable to the Collateral Agent, made by a Loan Party in favor of the Collateral Agent for the benefit of the Agents and the Lenders, securing the Obligations and delivered to the Collateral Agent pursuant to Section 7.01(b), (o), (s) or otherwise.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which any Loan Party or any of its ERISA Affiliates has contributed, or has been obligated to contribute, to at any time during the preceding 6 years.

"Net Cash Proceeds" means, (a) with respect to any Disposition by any Person or any of its Subsidiaries, the aggregate amount of cash received (directly or indirectly) from time to time (whether as initial consideration or through the payment or disposition of deferred consideration but only as and when received) by or on behalf of such Person or such Subsidiary, in connection therewith after deducting therefrom only (i) the amount of any Indebtedness secured by any Permitted Lien on any asset (other than Indebtedness assumed by the purchaser of such asset) which is required to be, and is, repaid in connection with such Disposition (other than Indebtedness under this Agreement), (ii) reasonable expenses, attorneys' fees, accountants' fees, investment banking fees and other fees related thereto incurred by such Person or such Subsidiary in connection therewith, (iii) transfer taxes paid or reasonably estimated to be payable to any taxing authorities by such Person or such Subsidiary in connection therewith, and (iv) net income taxes to be paid or reasonably estimated to be payable in connection with such Disposition (after taking into account any tax credits or deductions and any tax sharing arrangements) or any Tax Distributions and (b) with respect to the issuance or incurrence of any Indebtedness by any Person or any of its Subsidiaries, or an Equity Issuance, the aggregate amount of cash received (directly or indirectly) from time to time (whether as initial consideration or through the payment or disposition of deferred consideration) by or on behalf of such Person or such Subsidiary in connection therewith, after deducting therefrom only (i) reasonable expenses, attorneys' fees, investment banking fees, accountants' fees, underwriting discounts and commissions and other reasonable and customary fees and expenses related thereto incurred by such Person or such Subsidiary in connection therewith, (ii) transfer taxes paid or reasonably estimated to be payable by such Person or such Subsidiary in connection therewith and (iii) net income taxes to be paid or reasonably estimated to be payable in connection therewith (after taking into account any tax credits or deductions and any tax sharing arrangements) or any Tax Distributions; in each case of clause (a) and (b) to the extent, but only to the extent, that the amounts so deducted are (x) actually paid or payable to a Person that, except in the case of reasonable out-of-pocket expenses and tax payment, is not an Affiliate of such Person or any of its Subsidiaries and (y) properly attributable to such transaction or to the asset that is the subject thereof. Notwithstanding any of the foregoing, Net Cash Proceeds shall not include (A) the Net Cash Proceeds owed by a Loan Party to any third- party Person in which such Person has a joint equity interest in a Subsidiary of such Loan Party, (B) in the case of any Disposition or casualty event by a Non-Wholly Owned Subsidiary, the pro rata portion of the Net Cash Proceeds thereof (calculated without regard to this clause (B)) attributable to minority interests and not available for distribution to or for the account of the Borrower or any wholly-owned Subsidiary as a result thereof, (C) the amount of any reasonable reserve established in accordance with GAAP against any adjustment to the sale price or any liabilities (other than any taxes deducted pursuant to clauses (ii) or (iii) above) (1) related to any of the applicable assets and (2) retained by the Borrower or any of its Subsidiaries including, without limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations (however, the amount of any subsequent reduction of such reserve (other than in connection with a payment in respect of any such liability) shall be deemed to be Net Cash Proceeds of such Disposition or casualty event occurring on the date of such reduction) and (D) any funded escrow established pursuant to the documents evidencing any such sale or disposition to secure any indemnification obligations or

adjustments to the purchase price associated with any such sale or disposition (provided that to the extent that any amounts are released from such escrow to a Borrower or a Subsidiary, such amounts net of any related expenses shall constitute Net Cash Proceeds).

"New Lending Office" has the meaning specified therefor in Section 2.08(d).

"New Subsidiary" has the meaning specified therefor in Section 7.01(b)(i).

"Non-U.S. Lender" has the meaning specified therefor in Section 2.08(d).

"Non-Qualifying Party" means any Borrower or any Guarantor that on the Eligibility Date fails for any reason to qualify as an Eligible Contract Participant.

"Non-Wholly Owned Subsidiary" means a Subsidiary of a Person that is not a Wholly-Owned Subsidiary.

"Notice of Borrowing" has the meaning specified therefor in Section 2.02(a).

"Obligations" means all present and future indebtedness, obligations, and liabilities of each Loan Party to the Agents and the Lenders arising under or in connection with this Agreement or any other Loan Document, whether or not the right of payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured, unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding referred to in Section 9.01. Without limiting the generality of the foregoing, the Obligations of each Loan Party under the Loan Documents include (a) the obligation (irrespective of whether a claim therefor is allowed in an Insolvency Proceeding) to pay principal, interest, charges, expenses, fees, attorneys' fees and disbursements, indemnities and other amounts payable by such Person under the Loan Documents and (b) the obligation of such Person to reimburse any amount in respect of any of the foregoing that any Agent or any Lender (in its sole discretion) may elect to pay or advance on behalf of such Person. Notwithstanding any of the foregoing, Obligations shall not include any Excluded Hedge Liabilities.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" has the meaning specified therefor in Section 2.08(b).

"Parent" has the meaning specified therefor in the preamble hereto.

"Participant Register" has the meaning specified therefor in Section 12.07(g).

"Payment Office" means the Administrative Agent's office located at 875 Third Avenue, New York, New York, 10022 or at such other office or offices of the Administrative Agent in the United States as may be designated in writing from time to time by the Administrative Agent to the Collateral Agent and the Administrative Borrower.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"Perfection Certificate" means a Perfection Certificate executed by the Administrative Borrower in form and substance reasonably acceptable to the Collateral Agent.

"Permitted Acquisition" means any Acquisition by a Loan Party or any Subsidiary of a Loan Party to the extent that each of the following conditions shall have been satisfied:

(a) the Borrowers shall have furnished to the Agents at least ten (10) Business Days prior to the consummation of such Acquisition (i) an executed term sheet and/or commitment letter (setting forth in reasonable detail the terms and conditions of such Acquisition) and, at the request of any Agent, such other information and documents that any Agent may reasonably request, including, without limitation, executed counterparts of the respective material agreements, instruments or other documents pursuant to which such Acquisition is to be consummated (including, without limitation, any related management, non-compete, employment, option or other material agreements), any schedules to such agreements, instruments or other documents and all other material ancillary agreements, instruments or other documents to be executed or delivered in connection therewith, (ii) pro forma financial statements of the Parent and its Subsidiaries after the consummation of such Acquisition, (iii) historical financial statements relating to the business or Person to be acquired evidencing positive Consolidated EBITDA on a pro forma basis (with such adjustments as the Agents agree to in good faith) for the four fiscal quarter period most recently ended prior to the date the Acquisition, (iv) a certificate of the chief financial officer of the Administrative Borrower, demonstrating on a pro forma basis compliance, as of the most recently ended fiscal quarter period for which financial statements have been or are required to be delivered hereunder, with all financial covenant set forth in Section 7.03 hereof after the consummation of such Acquisition, and (v) copies of such other agreements, instruments or other documents (including, without limitation, the Loan Documents required by Section 7.01(b)) as any Agent may reasonably request; provided, that with respect to an Acquisition in which the consideration is less than $7,500,000 (a "Limited Permitted Acquisition"), so long as the cash purchase price for such Limited Permitted Acquisition, when aggregated with the cash purchase price of all Limited Permitted Acquisitions (including the proposed Limited Permitted Acquisition) in any Fiscal Year does not exceed $15,000,000, the Borrowers shall only be required to furnish to the Agents at least ten (10) Business Days prior to the consummation of such Acquisition, board materials containing material financial information with respect to such Acquisition provided to the Board of Directors of such Loan Party or its Subsidiaries;

(b) the agreements, instruments and other documents in connection with such Acquisition shall provide that (i) neither the Loan Parties nor any of their Subsidiaries shall, in connection with such Acquisition, assume or remain liable in respect of any Indebtedness of the seller or sellers, or other obligation of the seller or sellers (except for Permitted Indebtedness and obligations incurred in the ordinary course of business in operating the property so acquired and necessary and desirable to the continued operation of such property and except for Indebtedness that either (x) is permitted to be incurred pursuant to Section 7.02(c) or (y) the Agents, with the consent of the Required Lenders, otherwise expressly consent to in writing after their review of

the terms of the proposed Acquisition), and (ii) all property to be so acquired in connection with such Acquisition shall be free and clear of any and all Liens, except for Permitted Liens (and if any such property is subject to any Lien not permitted by this clause (ii) then concurrently with such Acquisition such Lien shall be released);

(c) any Subsidiary to be acquired or formed as a result of such Acquisition shall be engaged in a similar business (or reasonably related thereto) as the Loan Parties and such Subsidiary will be a directly owned Subsidiary of a Loan Party (it being understood that such Subsidiary may have Foreign Subsidiaries, so long as the principal operations and material assets of the acquired business reside in the United States);

(d) such Acquisition shall be effected in such a manner so that the acquired Equity Interests or assets are owned either by a Loan Party or a directly owned Subsidiary of a Loan Party and, if effected by merger or consolidation involving a Loan Party, the continuing or surviving Person shall be such Loan Party or shall become a Loan Party, or Section 7.02(e) shall otherwise be complied with;

(e) any such Subsidiary (and its equityholders) shall execute and deliver the agreements, instruments and other documents required by Section 7.01(b); and

(f) no Event of Default shall have occurred and be continuing and none shall exist immediately after giving effect thereto; and

(g) the purchase price for such Acquisition shall not exceed $7,500,000, and, when aggregated with the purchase price of all Permitted Acquisitions (including the proposed Acquisition) consummated after the Effective Date, shall not exceed $15,000,000, provided that the portion (if any) of such purchase price funded with (x) Equity Interests of the Administrative Borrower or any parent company or Subsidiary of the Administrative Borrower or (y) the proceeds of equity contributions made by the Sponsor after the Effective Date shall, in each case, be excluded from the purchase price limitations set forth in this clause (g);

(h) after giving pro forma effect to such proposed Acquisition, the Total Leverage Ratio of the Parent and its Subsidiaries for the most recent fiscal quarter for which financial statements and a Compliance Certificate have been delivered pursuant to Section 7.01(a)(i) and (iv) shall not exceed 3.45 to 1.00; and

(i) immediately after giving effect to such Acquisition, Availability shall not be less than $5,000,000.

"Permitted Dispositions" means:

(a) Dispositions of obsolete or worn-out equipment in the ordinary course of business, provided that (i) the Net Cash Proceeds of such Dispositions does not exceed $500,000 in the aggregate in any Fiscal Year and $1,000,000 in the aggregate prior to the Final Maturity Date and (ii) in all cases, are applied in accordance with Section 2.05(c)(v);

(b) Dispositions of assets from any Loan Party or any of its Subsidiaries to any other Loan Party (other than the Parent) or any of its Subsidiaries, provided that, the aggregate amount of all Dispositions by a Loan Party to a Subsidiary of a Loan Party that is not a Loan Party under this clause (b) does not exceed $1,000,000 prior to the Final Maturity Date;

(c) leases or subleases of real property and licenses or sublicenses of intellectual property in the ordinary course of business which do not materially interfere with the business of the Loan Parties and their Subsidiaries in an aggregate amount not to exceed $750,000 during the term of this Agreement;

(d) Dispositions of equipment to the extent that such property is (i) exchanged for fair market value for credit against the purchase price of, or (ii) sold for fair market value in the ordinary course of business for, similar replacement or upgraded property;

(e) Dispositions by the Loan Parties and their Subsidiaries of real property not to exceed $100,000 in the aggregate;

(f) Dispositions (including discounts, cancellation or forgiveness) of Accounts Receivable in connection with compromise, write-down or collection thereof in the ordinary course of business to the extent permitted under this Agreement or in connection with the bankruptcy or reorganization of the applicable Account Debtors and Dispositions of any securities received in any such bankruptcy or reorganization;

(g) (i) the lapse of registered intellectual property of the Loan Parties and their Subsidiaries to the extent not economically desirable in the conduct of their business or (ii) the abandonment of intellectual property rights in the ordinary course of business so long as (in each case under clauses (i) and (ii), such lapse is not materially adverse to the interests of the Secured Parties or the business of any Loan Party or any of its Subsidiaries;

(h) any involuntary condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, or confiscation or requisition of use of property;

(i) Dispositions of obsolete, surplus, uneconomical worn out or not useful property in the ordinary course of business;

(j) to the extent constituting a Disposition, the making of Investments permitted by Section 7.02(e) and Restricted Payments permitted by Section 7.02(h) and the granting of Permitted Liens and the issuance of Equity Interests (other than Disqualified Equity Interests);

(k) any surrender, waiver, settlement, compromise, modification or release of contractual rights in the ordinary course of business, or the settlement, release or surrender of tort or other claims of any kind; and

(l) Dispositions of Investments in joint ventures or Non-Wholly Owned Subsidiary to the extent required by, or made pursuant to customary buy/sell arrangements between, the joint venture or similar parties set forth in joint venture arrangements and/or similar binding arrangements;

(m) Dispositions of Investments permitted by Section 7.02(e)(xx); and

(n) Dispositions by the Borrowers and their Subsidiaries not otherwise permitted under clauses (a) through (m); provided that (i) the aggregate fair market value of all property Disposed of in reliance on this clause (l) (x) in any Fiscal Year shall not exceed $1,000,000 and (y) prior to the Final Maturity Date shall not exceed $2,000,000 and (ii) at least 75% of the purchase price for such asset shall be paid to the applicable Borrower or its Subsidiary in cash.

"Permitted Cure Equity" means Qualified Equity Interests of the Parent.

"Permitted Holder" means the Sponsor, LCAT Franchise Fitness Holdings, General Atlantic LLC and their respective Affiliates and Related Funds.

"Permitted Indebtedness" means:

(a) any Indebtedness owing to any Agent or any Lender under this Agreement and the other Loan Documents (including any guarantees hereof or thereof);

(b) any other Indebtedness listed on Schedule 7.02(b), and the extension of maturity, refinancing or modification of the terms thereof; provided, however, that (i) after giving effect to such extension, refinancing or modification, the amount of such Indebtedness is not greater than the amount of Indebtedness outstanding immediately prior to such extension, refinancing or modification (other than with respect to fees and expenses incurred for such refinancing, extension or modification) and (ii) no Loan Party or Subsidiary of a Loan Party that was not liable with respect to the Indebtedness prior to its refinancing or modification shall be liable with respect to such Indebtedness after giving effect to its refinancing or modification (a "Permitted Refinancing");

(c) (i) Indebtedness evidenced by Capitalized Lease Obligations listed on Schedule 7.02(c) and (ii) other Capitalized Lease Obligations entered into after the Effective Date in order to finance Capital Expenditures made by the Loan Parties and their Subsidiaries so long as such Indebtedness, when aggregated with the principal amount of all Indebtedness incurred under this clause (c) and clause (d) of this definition, does not exceed $1,000,000 outstanding at any time;

(d) Indebtedness permitted by clause (e)(i) of the definition of "Permitted Lien";

(e) Indebtedness permitted under Section 7.02(e);

(f) Subordinated Indebtedness in the aggregate principal amount at any time outstanding not to exceed $1,500,000 and any Permitted Refinancing thereof;

(g) Indebtedness of the Loan Parties or any of their respective Subsidiaries under any Hedging Agreement so long as such Hedging Agreements are used solely as a part of such Person's normal business operations as a risk management strategy or hedge against changes resulting from market operations and not as a means to speculate for investment purposes on trends and shifts in financial or commodities markets;

(h) Indebtedness in respect of guarantees by a Loan Party in respect of Indebtedness of any other Loan Party or any of its Subsidiaries permitted hereunder;

(i) Indebtedness owed by one Loan Party or any of its Subsidiaries to another Loan Party or any of its Subsidiaries, so long as the making of the loan or other advance by the Loan Party that is acting as the lender is permitted hereunder;

(j) Indebtedness incurred in the ordinary course of business in connection with cash pooling, netting and cash management arrangements consisting of overdrafts or similar arrangements; provided that any such Indebtedness does not consist of Indebtedness for borrowed money and is owed to the financial institutions providing such arrangements and such Indebtedness is extinguished within sixty (60) days;

(k) Indebtedness arising out of the issuance of surety, stay, customs or appeal bonds, letters of credit, bank guarantees and performance bonds and performance and completing guarantees or other similar obligations, in each case incurred in the ordinary course of business in connection with workers' compensation, health, disability or other employee benefits, environmental obligations or property, casualty or liability insurance of Loan Parties and their Subsidiaries and in connection with other surety and performance bonds in the ordinary course of business, and reimbursement obligations in respect of any of the foregoing;

(l) Indebtedness of any of the Loan Parties or any of their respective Subsidiaries thereof consisting of (x) repurchase obligations with respect to Equity Interests of such Person issued to the directors, consultants, managers, officers and employees of any of the Loan Parties or any of their respective Subsidiaries thereof arising upon the death, disability or termination of employment of such director, consultant, manager, officer or employee to the extent such repurchase is permitted under Section 7.02(h) and (y) promissory notes issued by any of the Loan Parties or any of their respective Subsidiaries thereof to directors, consultants, managers, officers and employees (or their spouses or estates) of any of the Loan Parties or any of their respective Subsidiaries thereof to purchase or redeem Equity Interests of such of the Loan Parties or any of their respective Subsidiaries issued to such director, consultant, manager, officer or employee to the extent such purchase or redemption is permitted under Section 7.02(h);

(m) Indebtedness of a Subsidiary acquired after the Effective Date or an entity merged into or consolidated or amalgamated with a Loan Party or any Subsidiary after the Effective Date, and Indebtedness assumed in connection with the acquisition of assets, which Indebtedness exists at the time of such acquisition, merger or consolidation or amalgamation and is not created in contemplation of such event and where such acquisition, merger or consolidation or amalgamation is otherwise permitted under this Agreement;

(n) additional unsecured Indebtedness of the Loan Parties and their Subsidiaries in an aggregate principal amount not to exceed $1,500,000 at any one time outstanding;

(o) Indebtedness in respect of letters of credit issued by third party financial institutions, so long as the maximum aggregate principal amount of such Indebtedness shall not exceed $500,000;

(p) Indebtedness permitted under Section 9.02;

(q) Indebtedness in respect of earn-outs, purchase price adjustments and other similar payment obligations under agreements entered into in connection with Permitted Acquisitions (and not related to any Acquisition consummated prior to the Effective Date);

(r) Indebtedness incurred in respect of credit cards, credit card processing services, debt cards, stored value cards, purchase cards (including so-called "procurement cards" or "P-cards") or other similar cash management services, in each case, incurred in the ordinary course of business;

(s) contingent liabilities in respect of any indemnification obligation, adjustment of purchase price,non-compete or similar obligation of any Loan Party incurred in connection with the consummation of one or more Permitted Acquisitions;

(t) to the extent constituting Indebtedness, deferred compensation to employees of the Loan Parties incurred in the ordinary course of business; ~~and~~

(u) Indebtedness consisting of the financing of insurance premiums to the extent non-recourse (other than to the insurance premiums)~~;~~ and

(v) Cares Act Indebtedness in an aggregate principal amount not to exceed $5,000,000 outstanding at any time.

"Permitted Investments" means Cash Equivalents.

"Permitted Liens" means:

(a) Liens securing the Obligations;

(b) Liens for taxes, assessments and governmental charges the payment of which is not required under Section 7.01(c);

(c) Liens imposed by law, such as carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's and other similar Liens arising in the ordinary course of business and securing obligations (other than Indebtedness for borrowed money) that are not overdue by more than forty-five (45) days or which are bonded or are being contested in good faith and by appropriate proceedings promptly initiated and diligently conducted, and a reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor;

(d) Liens described on Schedule 7.02(a); provided, that (i) no such Lien shall at any time be extended to cover any additional property not subject thereto on the Effective Date and (ii) the principal amount of the Indebtedness secured by such Liens shall not be extended, renewed, refunded or refinanced unless such extension, renewal, refunding or refinancing is a Permitted Refinancing;

(e) (i) purchase money Liens on equipment or other assets acquired or held by any Loan Party or any of its Subsidiaries in the ordinary course of its business to secure the purchase price of such equipment or other assets or term loan Indebtedness incurred solely for the purpose of financing the acquisition of such equipment or other assets or (ii) Liens existing on

such equipment or other assets at the time of its acquisition; provided, however, that, in case of both clause (i) and (ii) above, (A) no such Lien shall extend to or cover any other property of any Loan Party or any of its Subsidiaries, (B) the principal amount of the Indebtedness secured by any such Lien shall not exceed the lesser of 100% of the fair market value (as calculated at the time of the acquisition of such property) or the cost of the property so held or acquired and (C) the aggregate principal amount of Indebtedness secured by any or all such Liens shall not exceed the principal amount of all Indebtedness incurred under clause (c)(ii) of the definition of Permitted Indebtedness;

(f) deposits and pledges of cash securing (i) obligations incurred in respect of workers' compensation, unemployment insurance or other forms of governmental insurance or benefits, (ii) the performance of bids, tenders, leases, contracts (other than for the payment of money) and statutory obligations or (iii) obligations on surety or appeal bonds, but only to the extent such deposits or pledges are made or otherwise arise in the ordinary course of business and secure obligations not past due or to the extent contested in good faith by proper proceedings which stay the imposition of any penalty, fine or Lien resulting from the non-payment thereof and with respect to which adequate reserves have been set aside for the payment thereof on the Financial Statements in accordance with GAAP;

(g) easements, zoning restrictions, survey defects, covenants, conditions, restrictions and similar encumbrances on real property and minor irregularities in the title thereto (and any renewal, replacement, or extension thereof) that do not materially impair the use of such property by any Loan Party or any of its Subsidiaries in the normal conduct of such Person's business;

(h) Liens (and any renewal, replacement, or extension thereof) on real property or equipment securing Indebtedness permitted by subsection (c) of the definition of Permitted Indebtedness;

(i) Liens in the ordinary course of business of a collection bank arising underSection 4-210 of the Uniform Commercial Code on items in the course of collection;

(j) Liens arising by operation of law under Article 2 of the UCC in favor of a reclaiming seller of goods or buyer of goods;

(k) brokers' Liens, bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and Cash Equivalents on deposit in one or more accounts maintained by any Borrower, Guarantor or Subsidiary thereof (including any restriction on the use of such cash and Cash Equivalents), in each case, granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, including any such Liens or rights of setoff securing amounts owing in the ordinary course of business to such bank with respect to cash management and operating account arrangements, including those involving pooled accounts and netting arrangements;

(l) intellectual property licenses, sub-licenses and other similar encumbrances incurred in the ordinary course of business that do not materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of any Borrower, Guarantor or Subsidiary thereof in an aggregate amount not to exceed $750,000;

(m) any exceptions (and any renewal, replacement, or extension thereof) in the Title Insurance Policy for any real property and any other exceptions raised by the title insurer in the title insurance commitment that are omitted from such Title Insurance Policy;

(n) Liens securing judgments for the payment of money not constituting an Event of Default under Section 9.01(k);

(o) any interest or title of a lessor under any lease or sublease entered into by any Loan Party or any of their Subsidiaries as permitted under this Agreement or in the ordinary course of business and any financing statement filed in connection with any such lease or sublease;

(q) Liens on cash collateral securing Indebtedness in respect of letters of credit permitted under clause (o) of the definition of "Permitted Indebtedness";

(r) Liens on assets of the applicable acquired subsidiary securing Indebtedness permitted under clause (m) of the definition of "Permitted Indebtedness";

(s) Liens in respect of interests in joint ventures; and

(t) other Liens (other than Liens securing Indebtedness) outstanding in an aggregate principal amount not to exceed $750,000.

"Permitted Management Fees" means, at any time prior to an initial public offering, so long as (a) no Event of Default has occurred and is continuing and (b) immediately before and after giving effect to such payment, (i) Availability plus Qualified Cash is greater than or equal to, (A) with respect to any such payment made in any fiscal quarter ending on or before December 31, 2022, $7,500,000 and (B) with respect to any such payment made in any fiscal quarter ending after December 31, 2022, $2,000,000 ~~and~~, (ii) the Total Leverage Ratio of the Loan Parties is less than or equal to the then applicable Total Leverage Ratio required under Section 7.03 for the most recent fiscal quarter for which financial statements and a Compliance Certificate have been delivered pursuant to Section 7.01(a)(i) and (iv), and (iii) with respect to any such payment made in any fiscal quarter ending after June 30, 2021, Consolidated EBITDA of the Loan Parties is greater than $37,000,000 for the most recent trailing four fiscal quarter period for which financial statements and a Compliance Certificate have been delivered pursuant to Section 7.01(a)(i) and (iv), all monitoring or consulting fees payable by any Loan Party pursuant to the Management Agreement in an aggregate amount not to exceed ~~in any Fiscal Year $750,000~~(x) $125,000 in any fiscal quarter ending on or before June 30, 2021 and (y) $187,500 in any fiscal quarter ending after June 30, 2021; provided, that any Permitted Management Fees not paid, due to the failure to satisfy the payment conditions set forth in clauses (~~i~~a) and (~~ii~~b) above, shall be deferred and may be paid or distributed when such payment conditions have been satisfied.

"Permitted Refinancing" has the meaning specified therefor in clause (b) of the definition of "Permitted Indebtedness".

"Person" means an individual, corporation, limited liability company, partnership, association, joint-stock company, trust, unincorporated organization, joint venture or other enterprise or entity or Governmental Authority.

"Petty Cash Account" means one or more deposit accounts holding a maximum amount of funds on deposit in all such deposit accounts not to exceed $500,000 in the aggregate.

"Plan" means any Employee Plan or Multiemployer Plan.

"Post-Default Rate" means a rate of interest per annum equal to the rate of interest otherwise in effect from time to time pursuant to the terms of this Agreement plus two percent (2.00%).

"Projections" has the meaning set forth in Section 7.01(a)(vii).

"Pro Rata Share" means:

(a) with respect to a Lender's obligation to make Revolving Loans and receive payments of interest, fees, and principal with respect thereto, the percentage obtained by dividing (i) such Lender's Revolving Credit Commitment, by (ii) the Total Revolving Credit Commitment, provided, that, if the Total Revolving Credit Commitment has been reduced to zero, the numerator shall be the aggregate unpaid principal amount of such Lender's Revolving Loans (including Agent Advances) and the denominator shall be the aggregate unpaid principal amount of all Revolving Loans (including Agent Advances);

(b) with respect to a Lender's obligation to make the Initial Term Loan and receive payments of interest, fees, and principal with respect thereto, the percentage obtained by dividing (i) such Lender's Initial Term Loan Commitment, by (ii) the Total Initial Term Loan Commitment, provided that if the Total Initial Term Loan Commitment has been reduced to zero, the numerator shall be the aggregate unpaid principal amount of such Lender's portion of the Initial Term Loan and the denominator shall be the aggregate unpaid principal amount of the Initial Term Loan;

(c) with respect to a Lender's obligation to make a Delayed Draw Term Loan and receive payments of interest, fees, and principal with respect thereto, the percentage obtained by dividing (i) such Lender's Delayed Draw Term Loan Commitment, by (ii) the Total Delayed Draw Term Loan Commitment, provided that if the Total Delayed Draw Term Loan Commitment has been reduced to zero, the numerator shall be the aggregate unpaid principal amount of such Lender's portion of the Delayed Draw Term Loan and the denominator shall be the aggregate unpaid principal amount of the Delayed Draw Term Loan;

(d) with respect to all other matters (including, without limitation, the indemnification obligations arising underSection 10.05), the percentage obtained by dividing (i) the sum of such Lender's Revolving Credit Commitment, Delayed Draw Term Loan Commitment and the unpaid principal amount of such Lender's portion of the Term Loans, by (ii) the sum of the Total Revolving Credit Commitment, the Total Delayed Draw Term Loan Commitment and the aggregate unpaid principal amount of the Term Loans, provided, that, if such Lender's Revolving Credit Commitment shall have been reduced to zero, such Lender's Revolving Credit Commitment

shall be deemed to be the aggregate unpaid principal amount of such Lender's Revolving Loans (including Agent Advances) and if the Total Revolving Credit Commitment shall have been reduced to zero, the Total Revolving Credit Commitment shall be deemed to be the aggregate unpaid principal amount of all Revolving Loans (including Agent Advances),

provided, that in the case of (a) and (b) above, the portion of Revolving Loans or the Term Loan held or deemed held by any Affiliated Lender, in each case, shall be excluded for the purposes of making a determination of Pro Rata Share to the extent such term is used to determine any voting rights of the Lenders.

"Public Company Costs" means charges, expenses and costs associated with, or in anticipation of, or preparation for, compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith and charges, expenses and costs in anticipation of, or preparation for, compliance with the provisions of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, as applicable to companies with equity or debt securities held by the public, the rules of national securities exchange for companies with listed equity or debt securities, including directors' or managers' compensation, fees and expense reimbursement, costs, expenses and charges relating to investor relations, shareholder meetings and reports to shareholders or debtholders, directors' and officers' insurance and other executive costs, legal and other professional fees, and listing fees.

"Qualified Cash" means, as of any date of determination, the amount of unrestricted cash and Cash Equivalents of Parent and its consolidated Subsidiaries held in Cash Management Accounts subject to Account Control Agreements.

"Qualified ECP Loan Party" means each Borrower or Guarantor that on the Eligibility Date is (a) a corporation, partnership, proprietorship, organization, trust, or other entity other than a "commodity pool" as defined in Section 1a(10) of the CEA and CFTC regulations thereunder that has total assets exceeding $10,000,000 or (b) an Eligible Contract Participant that can cause another person to qualify as an Eligible Contract Participant on the Eligibility Date under Section 1a(18)(A)(v)(II) of the CEA by entering into or otherwise providing a "letter of credit or keepwell, support, or other agreement" for purposes of Section 1a(18)(A)(v)(II) of the CEA.

"Qualified Equity Interests" means, with respect to any Person, all Equity Interests of such Person that are not Disqualified Equity Interests.

"Real Property Deliverables" has the meaning specified therefor in Section 7.01(o).

"Recipient" means (a) the Administrative Agent or (b) any Lender.

"Reference Rate" means, for any day, a rate per annum equal to the highest of (a) 4.75% per annum, (b) the Federal Funds Effective Rate in effect on such day plus 0.50% per annum, (c) the LIBOR Rate (which rate shall be calculated based upon an Interest Period of 1 month and shall be determined on a daily basis) plus 1.00% per annum, and (d) the rate last quoted by The Wall Street Journal as the "Prime Rate" in the United States or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as

determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as determined by the Administrative Agent). Each change in the Reference Rate shall be effective from and including the date such change is publicly announced as being effective.

"Reference Rate Loan" means each portion of a Loan that bears interest at a rate determined by reference to the Reference Rate.

"Register" has the meaning specified therefor in Section 12.07(d).

"Registered Loans" has the meaning specified therefor in Section 12.07(d).

"Regulation T", "Regulation U" and "Regulation X" mean, respectively, Regulations T, U and X of the Board or any successor, as the same may be amended or supplemented from time to time.

"Related Fund" means, with respect to any Person, a fund or account managed by the investment advisor or investment manager of such Person.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the direct and indirect equityholders, partners, directors, officers, employees, agents, consultants, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Related Party Assignment" has the meaning specified therefor in Section 12.07(b).

"Related Party Register" has the meaning specified therefor in Section 12.07(d).

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, seeping, migrating, dumping or disposing of any Hazardous Material (including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Material) into the indoor or outdoor environment, including, without limitation, the movement of Hazardous Materials through or in the ambient air, soil, surface or ground water, or property.

"Released Loan Party" has the meaning specified therefor in Section 12.25.

"Remedial Action" means all actions taken to (a) clean up, remove, remediate, contain, treat, monitor, assess, evaluate or in any other way address Hazardous Materials in the indoor or outdoor environment; (b) prevent or minimize a Release or threatened Release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (c) perform pre-remedial studies and investigations and post-remedial operation and maintenance activities; or (d) perform any other actions authorized by 42 U.S.C. § 9601.

"Replacement Lender" has the meaning specified therefor in Section 4.03(a).

"Reportable Event" means an event described in Section 4043 of ERISA (other than an event not subject to the provision for 30-day notice to the PBGC under the regulations promulgated under such Section).

"Required Amount" has the meaning specified therefor in Section 2.09(i)(i).

"Required Lenders" means Lenders whose Pro Rata Shares (calculated in accordance with clause (d) of the definition thereof) aggregate at least 50.1%.

"Requirements of Law" means, with respect to any Person, collectively, the common law and all federal, state, provincial, local, foreign, multinational or international laws, statutes, codes, treaties, standards, rules and regulations, guidelines, ordinances, orders, judgments, writs, injunctions, decrees (including administrative or judicial precedents or authorities) and the interpretation or administration thereof by, and other determinations, directives, requirements or requests of, any Governmental Authority, in each case that are applicable to and legally binding upon such Person or any of its property.

"Reserve Percentage" means, on any day, for any Lender, the maximum percentage prescribed by the Board (or any successor Governmental Authority) for determining the reserve requirements (including any basic, supplemental, marginal, or emergency reserves) that are in effect on such date with respect to eurocurrency funding (currently referred to as "Eurocurrency Liabilities") of that Lender, but so long as such Lender is not required or directed under applicable regulations to maintain such reserves, the Reserve Percentage shall be zero.

"Restricted Payment" has the meaning specified therefor in Section 7.02(h).

"Revolving Credit Commitment" means, with respect to each Lender, the commitment of such Lender to make Revolving Loans to the Borrowers in the amount set forth opposite such Lender's name in Schedule 1.01(A) hereto, as such amount may be terminated or reduced from time to time in accordance with the terms of this Agreement.

"Revolving Loan" means a loan made by a Lender to the Borrowers pursuant to Section 2.01(a)(i).

"Revolving Loan Lender" means a Lender with a Revolving Credit Commitment.

"Revolving Loan Obligations" means any Obligations with respect to the Revolving Loans (including without limitation, the principal thereof, the interest thereon, and the fees and expenses specifically related thereto).

"Sanctioned Person" means any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, or debarred person under any of the U.S. Anti-Money Laundering and Anti-Terrorism Laws.

"SBA" means the U.S. Small Business Administration.

"SEC" means the Securities and Exchange Commission or any other similar or successor agency of the Federal government administering the Securities Act.

"Secured Party" means any Agent and any Lender.

"Securities Act" means the Securities Act of 1933, as amended, or any similar Federal statute, and the rules and regulations of the SEC thereunder, all as the same shall be in effect from time to time.

"Securitization" has the meaning specified therefor in Section 12.07(j).

"Security Agreement" means a Pledge and Security Agreement made by a Loan Party in favor of the Collateral Agent for the benefit of the Agents and the Lenders, in form and substance reasonably acceptable to the Collateral Agent, securing the Obligations and delivered to the Collateral Agent.

"Settlement Period" has the meaning specified therefor in Section 2.02(d)(i) hereof.

"Small Business Act" means the Small Business Act (15 U.S. Code Chapter 14A – Aid to Small Business).

"Solvent" means, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person on a going concern basis is not less than the total amount of the liabilities of such Person, (b) the present fair salable value of the assets of such Person on a going concern basis is not less than the amount that will be required to pay the probable liability of such Person on its existing debts as they become absolute and matured, (c) such Person is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business, (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (e) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

"Sponsor" means Snapdragon Capital Partners LLC and their Controlled Investment Affiliates (but excluding any portfolio company thereof).

"Sponsor Guarantor" has the meaning specified therefor in the preamble to the First Amendment.

"Sponsor Guaranty" means that certain Limited Guaranty in the form attached as Annex B to the First Amendment (or otherwise in a form reasonably acceptable to the Collateral Agent) and dated as of the First Amendment Effective Date, made by the Sponsor Guarantor in favor of the Collateral Agent, for the benefit of the Agents and the Lenders, as such guarantee may be amended, restated, supplemented or modified from time to time on terms and conditions reasonably acceptable to the Collateral Agent.

"Sponsor Guaranty Event of Default" means a "Sponsor Event of Default" as defined in the Sponsor Guaranty.

"Standard & Poor's" means Standard & Poor's Ratings Services, a division of S&P Global Inc. and any successor thereto.

"Studio Support" means Investments made by any Loan Party in any franchisee in order to provide additional financial support (in the form of payment of rent or other expenses of such franchisee) and/or additional marketing support (in addition to marketing support with respect to any "Marketing Fund") for a period not to exceed three (3) months after the reopening of such franchisee.

"Subordinated Indebtedness" means Indebtedness (including without limitation, Indebtedness obtained to finance a Permitted Acquisition) of any Loan Party; provided that such Indebtedness (a) has been expressly subordinated in right of payment to all Indebtedness of such Loan Party under the Loan Documents by the execution and delivery of a subordination agreement, in form and substance reasonably satisfactory to the Administrative Agent, (b) does not mature prior to the date that is 91 days after the Final Maturity Date, (c) has no scheduled amortization or payments, repurchases or redemptions of principal prior to the date that is 91 days after the Final Maturity Date, and (d) contains covenants that are no more restrictive than those contained herein.

"Subsidiary" means, with respect to any Person at any date, any corporation, limited or general partnership, limited liability company, trust, estate, association, joint venture or other business entity (a) the accounts of which would be consolidated with those of such Person in such Person's consolidated financial statements if such financial statements were prepared in accordance with GAAP or (b) of which more than 50% of (i) the outstanding Equity Interests having (in the absence of contingencies) ordinary voting power to elect a majority of the Board of Directors of such Person, (ii) in the case of a partnership or limited liability company, the interest in the capital or profits of such partnership or limited liability company or (iii) in the case of a trust, estate, association, joint venture or other entity, the beneficial interest in such trust, estate, association or other entity business is, at the time of determination, owned or controlled directly or indirectly through one or more intermediaries, by such Person.

"Swap" means any "swap" as defined in Section 1a(47) of the CEA and regulations thereunder other than (a) a swap entered into on, or subject to the rules of, a board of trade designated as a contract market under Section 5 of the CEA, or (b) a commodity option entered into pursuant to CFTC Regulation 32.3(a).

"Swap Obligation" means any obligation to pay or perform under any agreement, contract or transaction that constitutes a Swap.

"Tax Distributions" has the meaning specified therefor in Section 7.02(h)(A).

"Tax Group" has the meaning specified therefor in Section 7.02(h)(A).

"Tax Receivable Agreement" means a customary tax receivable agreement among Xponential Fitness, Inc., Parent and the "Members" party thereto, as such agreement may be amended or otherwise modified from time to time to the extent (solely in the event of amendments

or modifications that are materially adverse to the interests of the Lenders, it being understood that any modification that would increase the obligations of the Parent and its Subsidiaries thereunder by more than 10% would be deemed materially adverse to the interests of the Lenders) approved in writing by the Collateral Agent.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term Loan" and "Term Loans" means, collectively, the Initial Term Loan and the Delayed Draw Term Loans, individually or collectively, as the context requires.

"Term Loan Commitment" means, collectively, the Initial Term Loan Commitment and the Delayed Draw Term Loan Commitment.

"Term Loan Lender" means a Lender with a Term Loan Commitment or a Term Loan.

"Term Loan Obligations" means any Obligations with respect to the Term Loans (including without limitation, the principal thereof, the interest thereon, and the fees and expenses specifically related thereto).

"Termination Event" means (a) a Reportable Event with respect to any Employee Plan, (b) any event that causes any Loan Party or any of its ERISA Affiliates to incur liability under Section 515 (other than for payment of timely contributions to one or more Multiemployer Plans), 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 4971 of the Internal Revenue Code, (c) the filing of a notice of intent to terminate an Employee Plan or the treatment of an Employee Plan amendment as a termination under Section 4041 of ERISA, (d) the institution of proceedings by the PBGC to terminate an Employee Plan, or (e) any other event or condition that could reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Employee Plan.

"Title Insurance Policy" means a mortgagee's loan policy, in form and substance reasonably satisfactory to the Collateral Agent, together with all reasonable and customary endorsements as the Collateral Agent may reasonably request to the extent the same are available in the applicable jurisdiction at commercially reasonable rates, provided however that (i) in lieu of a zoning endorsement the Collateral Agent shall accept a zoning report from a nationally recognized zoning report provider and (ii) an ALTA 9, Comprehensive Endorsement, shall not be required if not available at a nominal rate, issued by or on behalf of a title insurance company reasonably satisfactory to the Collateral Agent, insuring the Lien created by a Mortgage in an amount equal to 115% of the fair market value of the Material Real Estate Asset covered thereby, delivered to the Collateral Agent.

"Total Commitment" means the sum of the Total Revolving Credit Commitment and the Total Term Loan Commitment.

"Total Delayed Draw Term Loan Commitment" means the sum of the amounts of the Delayed Draw Term Loan Commitments.

"Total Initial Term Loan Commitment" means the sum of the amounts of the Lenders' Initial Term Loan Commitments.

"Total Leverage Ratio" means, on any date of determination, the ratio of (a) the amount of Consolidated Funded Indebtedness of the Parent and its Subsidiaries on such date to (b) Consolidated EBITDA of the Parent and its Subsidiaries for the four consecutive fiscal quarter period ending prior to such date.

"Total Revolving Credit Commitment" means the sum of the amounts of the Lenders' Revolving Credit Commitments.

"Total Term Loan Commitment" means the sum of the amounts of the Total Initial Term Loan Commitments and the Total Delayed Draw Term Loan Commitments.

"Transactions" means, collectively, the transactions to occur on or about the Effective Date pursuant to the Loan Documents, including (a) the execution, delivery and performance of the Loan Documents and the making of the Loans hereunder, (b) the payment in full of the Existing Credit Facility, (c) the consummation of the Permitted Holder Contribution, and (d) the payment of all fees and expenses to be paid on or prior to the Effective Date and owing in connection with the foregoing.

"Transferee" means any Agent or any Lender (or any transferee or assignee thereof, including a participation holder.

"Uniform Commercial Code" has the meaning specified therefor in Section 1.03.

"Unused Line Fee" has the meaning specified therefor in Section 2.06(a).

"USA PATRIOT Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (PATRIOT) Act of 2001 (Title III of Pub. L. 107-56, Oct. 26, 2001)) as amended by the USA Patriot Improvement and Reauthorization Act of 2005 (Pub. L. 109-177, March 9, 2006) and as the same may have been or may be further renewed, extended, amended, or replaced.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Internal Revenue Code.

"WARN" has the meaning specified therefor in Section 6.01(z).

"Working Capital" means at any date of determination thereof, (i) the sum, for any Person and its Subsidiaries on a consolidated basis, of (A) the current expected balance of all Accounts Receivable of such Person and its Subsidiaries as at such date of determination, plus (B) the aggregate book value of all Inventory of such Person and its Subsidiaries as at such date of determination, plus (C) the aggregate amount of prepaid expenses and other current assets of such Person (other than cash and Cash Equivalents) and its Subsidiaries as at such date of determination, minus (ii) the sum, for such Person and its Subsidiaries, of (X) the unpaid amount of all accounts payable of such Person and its Subsidiaries as at such date of determination, plus (Y) the aggregate amount of all accrued expenses of such Person and its Subsidiaries as at such date of determination (but, excluding from accounts payable and accrued expenses, the current portion of long-term debt and all accrued interest, taxes and management fees).

Section 1.02 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any right or interest in or to assets and properties of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

Section 1.03 Certain Matters of Construction . References in this Agreement to "determination" by any Agent include good faith estimates by such Agent (in the case of quantitative determinations) and good faith beliefs by such Agent (in the case of qualitative determinations). A Default or Event of Default shall be deemed to exist at all times during the period commencing on the date that such Default or Event of Default occurs to the date on which such Default or Event of Default is waived in writing (which may include e-mail) pursuant to this Agreement or, in the case of a Default, is cured within any period of cure expressly provided for in this Agreement; and an Event of Default shall "continue" or be "continuing" until such Event of Default has been waived in writing (which may include e-mail) by the Required Lenders. Any Lien referred to in this Agreement or any other Loan Document as having been created in favor of any Agent, any agreement entered into by any Agent pursuant to this Agreement or any other Loan Document, any payment made by or to or funds received by any Agent pursuant to or as contemplated by this Agreement or any other Loan Document, or any act taken or omitted to be taken by any Agent, shall, unless otherwise expressly provided, be created, entered into, made or received, or taken or omitted, for the benefit or account of the Agents and the Lenders. Wherever the phrase "to the knowledge of any Loan Party" or words of similar import relating to the knowledge or the awareness of any Loan Party are used in this Agreement or any other Loan Document, such phrase shall mean and refer to the actual knowledge of the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or general counsel of the Administrative Borrower, but in any event, with respect to financial matters, the chief executive officer, chief financial officer or treasurer of Administrative Borrower. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or otherwise within the limitations of, another covenant shall not avoid the occurrence of a default if such action is taken or condition exists. In addition, all representations and warranties hereunder shall be given independent effect so that if a particular representation or warranty proves to be incorrect or is

breached, the fact that another representation or warranty concerning the same or similar subject matter is correct or is not breached will not affect the incorrectness of a breach of a representation or warranty hereunder. For purposes of covenant compliance, the amount of any Investment by a Loan Party or any of its Subsidiaries in any other Loan Party or Subsidiary of a Loan Party shall be the greater of (i) the amount actually invested decreased by management fees and distributions representing a return of capital with respect to such Investment received by a Loan Party or a Subsidiary and (ii) zero.

Section 1.04 Accounting and Other Terms. (a) Unless otherwise expressly provided herein, each accounting term used herein shall have the meaning given it under GAAP applied on a basis consistent with those used in preparing the Financial Statements. All terms used in this Agreement which are defined in Article 8 or Article 9 of the Uniform Commercial Code as in effect from time to time in the State of New York (the "Uniform Commercial Code") and which are not otherwise defined herein shall have the same meanings herein as set forth therein, provided that terms used herein which are defined in the Uniform Commercial Code as in effect in the State of New York on the date hereof shall continue to have the same meaning notwithstanding any replacement or amendment of such statute except as the Administrative Agent and the Administrative Borrower may otherwise agree in writing.

(b) For purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, (i) with respect to the accounting for leases as either operating leases or capital leases and the impact of such accounting in accordance with FASB ASC 840 (or any other similar promulgation or methodology under GAAP with respect to the same subject matter as FASB ASC 840) on the definitions and covenants herein, GAAP as in effect on December 31, 2016 shall be applied and (ii) for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Parent and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrowers or the Required Lenders shall so request, the Administrative Agent and the Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders and the Borrowers); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrowers shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

Section 1.05 Time References. Unless otherwise indicated herein, all references to time of day refer to Eastern Standard Time or Eastern daylight saving time, as in effect in New York on such day. For purposes of the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding"; provided, however, that with respect to a computation of fees or interest payable to any Agent or any Lender, such period shall in any event consist of at least one full day.

ARTICLE II

THE LOANS

Section 2.01 Commitments. (a) Subject to the terms and conditions and relying upon the representations and warranties herein set forth:

(i) each Revolving Loan Lender severally agrees to make Revolving Loans to the Borrowers at any time and from time to time from the Effective Date to the Final Maturity Date, or until the earlier reduction of its Revolving Credit Commitment to zero in accordance with the terms hereof, in an aggregate principal amount of Revolving Loans at any time outstanding not to exceed the amount of such Lender's Revolving Credit Commitment;

(ii) each Initial Term Loan Lender severally agrees to make the Initial Term Loan to the Borrowers on the Effective Date, in an aggregate principal amount equal to the amount of such Initial Term Loan Lender's Initial Term Loan Commitment; and

(iii) each Delayed Draw Term Loan Lender severally agrees to make the Delayed Draw Term Loans to the Borrower on any Business Day prior to the DDTL Commitment Expiration Date in Dollars in a principal amount not to exceed its Delayed Draw Term Loan Commitment; provided that the Delayed Draw Term Loans shall be advanced to the Borrower in a single draw.

(b) Notwithstanding the foregoing:

(i) No Revolving Loans will be advanced on the Effective Date.

(ii) Immediately after the Effective Date, the aggregate principal amount of Revolving Loans outstanding at any time to the Borrowers shall not exceed the Total Revolving Credit Commitment. The Revolving Credit Commitment of each Lender shall automatically and permanently be reduced to zero on the Final Maturity Date. Within the foregoing limits, the Borrowers may borrow, repay and reborrow Revolving Loans, immediately after the Effective Date and prior to the Final Maturity Date, subject to the terms, provisions and limitations set forth herein.

(iii) The aggregate principal amount of the Initial Term Loan made on the Effective Date shall not exceed the Total Initial Term Loan Commitment. Any principal amount of the Initial Term Loan which is repaid or prepaid may not be reborrowed.

(iv) The aggregate principal amount of the Delayed Draw Term Loans made hereunder shall not exceed the Total Delayed Draw Term Loan Commitment. Any principal amount of the Delayed Draw Term Loans which is repaid or prepaid may not be reborrowed.

(v) The aggregate principal amount of all Loans outstanding at any time to the Borrowers shall not exceed the Total Commitment.

Section 2.02 Making the Loans. (a) The Administrative Borrower shall give the Administrative Agent prior telephonic notice (promptly confirmed in writing, in substantially the form of Exhibit B hereto (a "Notice of Borrowing")), not later than 12:00 noon (New York time) on the date which is three (3) Business Days prior to the date of the proposed Loan (in the case of a LIBOR Rate Loan), or not later than 12:00 noon (New York time) on the date which is one (1) Business Day prior to the date of the proposed Loan (in the case of a Reference Rate Loan); provided, however that the Administrative Borrower shall provide the Administrative Agent with no less than fifteen (15) days prior written notice of a request to borrow a Delayed Draw Term Loan. Such Notice of Borrowing shall be irrevocable and shall specify (i) the principal amount and type of the proposed Loan, (ii) the proposed borrowing date, which must be a Business Day, and, with respect to the Initial Term Loan, must be the Effective Date, (iii) whether the proposed Loan is to be a Reference Rate Loan or a LIBOR Rate Loan, and (iv) in the case of a LIBOR Rate Loan, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period". The Administrative Agent and the Lenders may act without liability upon the basis of written, facsimile or telephonic notice believed by the Administrative Agent in good faith to be from the Administrative Borrower (or from any Authorized Officer thereof designated in writing purportedly from the Administrative Borrower to the Administrative Agent). Each Borrower hereby waives the right to dispute the Administrative Agent's record of the terms of any such telephonic Notice of Borrowing, absent manifest error. The Administrative Agent and each Lender shall be entitled to rely conclusively on any Authorized Officer's authority to request a Loan on behalf of the Borrowers until the Administrative Agent receives written notice to the contrary. The Administrative Agent and the Lenders shall have no duty to verify the authenticity of the signature appearing on any written Notice of Borrowing.

(b) Each Notice of Borrowing pursuant to this Section 2.02 shall be irrevocable and the Borrowers shall be bound to make a borrowing in accordance therewith. Each Revolving Loan shall be made in a minimum amount of $500,000 and shall be in an integral multiple of $500,000. The Delayed Draw Term Loan shall be made in an amount equal to $15,000,000. The Borrowers shall have not more than seven (7) LIBOR Rate Loans in effect at any given time.

(c)

(i) Except as otherwise provided in this subsection 2.02(c), all Loans under this Agreement shall be made by the Lenders simultaneously and proportionately to their Pro Rata Shares of the Total Initial Term Loan Commitment, the Total Delayed Draw Term Loan Commitment and the Total Revolving Credit Commitment, as the case may be, it being understood that no Lender shall be responsible for any default by any other Lender in that other Lender's obligations to make a Loan requested hereunder, nor shall the Commitment of any Lender be increased or decreased as a result of the default by any other Lender in that other Lender's obligation to make a Loan requested hereunder, and each Lender shall be obligated to make the Loans required to be made by it by the terms of this Agreement regardless of the failure by any other Lender.

(ii) Notwithstanding any other provision of this Agreement, and in order to reduce the number of fund transfers among the Borrowers, the Agents and the Lenders, the Borrowers, the Agents and the Lenders agree that the Administrative Agent may (but shall not

be obligated to), and the Borrowers and the Lenders hereby irrevocably authorize the Administrative Agent to, fund, on behalf of the Revolving Loan Lenders, Revolving Loans pursuant to Section 2.01, subject to the procedures for settlement set forth insubsection 2.02(d); provided, however, that (A) the Administrative Agent shall in no event fund any such Revolving Loans if the Administrative Agent shall have received written notice from the Collateral Agent or the Required Lenders on the Business Day prior to the date of the proposed Revolving Loan that one or more of the conditions precedent contained in Section 5.02 will not be satisfied at the time of the proposed Revolving Loan, and (B) the Administrative Agent shall not otherwise be required to determine that, or take notice whether, the conditions precedent in Section 5.02 have been satisfied. If the Administrative Borrower gives a Notice of Borrowing requesting a Revolving Loan and the Administrative Agent elects not to fund such Revolving Loan on behalf of the Revolving Loan Lenders, then promptly after receipt of the Notice of Borrowing requesting such Revolving Loan, the Administrative Agent shall notify each Revolving Loan Lender of the specifics of the requested Revolving Loan and that it will not fund the requested Revolving Loan on behalf of the Revolving Loan Lenders. If the Administrative Agent notifies the Revolving Loan Lenders that it will not fund a requested Revolving Loan on behalf of the Revolving Loan Lenders, each Revolving Loan Lender shall make its Pro Rata Share of the Revolving Loan available to the Administrative Agent, in immediately available funds, in the Administrative Agent's Account no later than 3:00 p.m. (New York time) (provided that the Administrative Agent requests payment from such Revolving Loan Lender not later than 1:00 p.m. (New York time)) on the date of the proposed Revolving Loan. The Administrative Agent will make the proceeds of such Revolving Loans available to the Borrowers on the day of the proposed Revolving Loan by causing an amount, in immediately available funds, equal to the proceeds of all such Revolving Loans received by the Administrative Agent in the Administrative Agent's Account or the amount funded by the Administrative Agent on behalf of the Revolving Loan Lenders to be deposited in an account designated by the Administrative Borrower.

(iii) If the Administrative Agent has notified the Revolving Loan Lenders that the Administrative Agent, on behalf of the Revolving Loan Lenders, will not fund a particular Revolving Loan pursuant to subsection 2.02(c)(ii), the Administrative Agent may assume that each such Revolving Loan Lender has made such amount available to the Administrative Agent on such day and the Administrative Agent, in its sole discretion, may, but shall not be obligated to, cause a corresponding amount to be made available to the Borrowers on such day. If the Administrative Agent makes such corresponding amount available to the Borrowers and such corresponding amount is not in fact made available to the Administrative Agent by any such Revolving Loan Lender, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Revolving Loan Lender together with interest thereon, for each day from the date such payment was due until the date such amount is paid to the Administrative Agent, at the Federal Funds Effective Rate for three (3) Business Days and thereafter at the Reference Rate. During the period in which such Revolving Loan Lender has not paid such corresponding amount to the Administrative Agent, notwithstanding anything to the contrary contained in this Agreement or any other Loan Document, the amount so advanced by the Administrative Agent to the Borrowers shall, for all purposes hereof, be a Revolving Loan made by the Administrative Agent for its own account. Upon any such failure by a Revolving Loan Lender to pay the Administrative Agent, the Administrative Agent shall promptly thereafter notify the Administrative Borrower of such failure and the Borrowers shall promptly pay such corresponding amount to the Administrative Agent for its own account.

(iv) Nothing in this subsection 2.02(c) shall be deemed to relieve any Revolving Loan Lender from its obligations to fulfill its Revolving Credit Commitment hereunder or to prejudice any rights that the Administrative Agent or the Borrowers may have against any Revolving Loan Lender as a result of any default by such Revolving Loan Lender hereunder.

(d) (i) With respect to all periods for which the Administrative Agent has funded Revolving Loans pursuant to subsection 2.02(c), on Thursday of each week, or if the applicable Thursday is not a Business Day, then on the following Business Day, or such shorter period as the Administrative Agent may from time to time select (any such week or shorter period being herein called a "Settlement Period"), the Administrative Agent shall notify each Revolving Loan Lender of the unpaid principal amount of the Revolving Loans outstanding as of the last day of each such Settlement Period. In the event that such amount is greater than the unpaid principal amount of the Revolving Loans outstanding on the last day of the Settlement Period immediately preceding such Settlement Period (or, if there has been no preceding Settlement Period, the amount of the Revolving Loans made on the date of such Revolving Loan Lender's initial funding), each Revolving Loan Lender shall promptly (and in any event not later than 2:00 p.m. (New York time) if the Administrative Agent requests payment from such Lender not later than 12:00 noon (New York time) on such day) make available to the Administrative Agent its Pro Rata Share of the difference in immediately available funds. In the event that such amount is less than such unpaid principal amount, the Administrative Agent shall promptly pay over to each Revolving Loan Lender its Pro Rata Share of the difference in immediately available funds. In addition, if the Administrative Agent shall so request at any time when a Default or an Event of Default shall have occurred and be continuing, or any other event shall have occurred as a result of which the Administrative Agent shall determine that it is desirable to present claims against the Borrowers for repayment, each Revolving Loan Lender shall promptly remit to the Administrative Agent or, as the case may be, the Administrative Agent shall promptly remit to each Revolving Loan Lender, sufficient funds to adjust the interests of the Revolving Loan Lenders in the then outstanding Revolving Loans to such an extent that, after giving effect to such adjustment, each such Revolving Loan Lender's interest in the then outstanding Revolving Loans will be equal to its Pro Rata Share thereof. The obligations of the Administrative Agent and each Revolving Loan Lender under this subsection 2.02(d) shall be absolute and unconditional. Each Revolving Loan Lender shall only be entitled to receive interest on its Pro Rata Share of the Revolving Loans which have been funded by such Revolving Loan Lender.

(ii) In the event that any Revolving Loan Lender fails to make any payment required to be made by it pursuant to subsection 2.02(d)(i), the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Revolving Loan Lender together with interest thereon, for each day from the date such payment was due until the date such amount is paid to the Administrative Agent, at the Federal Funds Effective Rate for three (3) Business Days and thereafter at the Reference Rate. During the period in which such Revolving Loan Lender has not paid such corresponding amount to the Administrative Agent, notwithstanding anything to the contrary contained in this Agreement or any other Loan Document, the amount so advanced by the Administrative Agent to the Borrowers shall, for all purposes hereof, be a Revolving Loan made by the Administrative Agent for its own account. Upon any such failure by a Revolving Loan Lender to pay the Administrative Agent, the Administrative Agent shall promptly thereafter notify the Administrative Borrower of such failure

and the Borrowers shall promptly pay such corresponding amount to the Administrative Agent for its own account. Nothing in this subsection 2.02(d)(ii) shall be deemed to relieve any Revolving Loan Lender from its obligation to fulfill its Revolving Credit Commitment hereunder or to prejudice any rights that the Administrative Agent or the Borrowers may have against any Revolving Loan Lender as a result of any default by such Revolving Loan Lender hereunder.

Section 2.03 Repayment of Loans; Evidence of Debt. (a) The outstanding principal amount of all Revolving Loans shall be due and payable on the Final Maturity Date or, if earlier, on the date on which they are declared due and payable pursuant to the terms of this Agreement.

(b) The outstanding principal of the Initial Term Loan shall be repayable, ratably, in consecutive quarterly installments, each such installment to be due and payable on the last day of each fiscal quarter, commencing with the fiscal quarter ending June 30, 2020, in an amount equal to $925,000; provided, however, that the last such installment shall be in the amount necessary to repay in full the unpaid principal amount of the Term Loan on the Final Maturity Date. The outstanding principal amount of the Delayed Draw Term Loan shall be repayable in quarterly installments on the last day of each fiscal quarter, commencing with the first fiscal quarter after the fiscal quarter in which the Delayed Draw Term Loan is drawn, in an amount equal to $75,000; provided, however, that the last such installment shall be in the amount necessary to repay in full the unpaid principal amount of the Delayed Draw Term Loan. The outstanding unpaid principal of the Term Loan and all accrued and unpaid interest thereon, shall be due and payable in full on the Final Maturity Date.

(c) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrowers to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(d) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(e) The entries made in the accounts maintained pursuant to paragraph (c) or (d) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrowers to repay the Loans in accordance with the terms of this Agreement.

(f) Any Lender may request that Loans made by it be evidenced by a note. In such event, the Borrowers shall execute and deliver to such Lender a note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns). Thereafter, the Loans evidenced by such note and interest thereon shall at all times (including after assignment pursuant to Section 12.07) be represented by one or more notes payable to the payee named therein and its registered assigns.

Section 2.04 Interest.

(a) Revolving Loans. Subject to the terms of this Agreement, at the option of the Administrative Borrower, each Revolving Loan shall be either a Reference Rate Loan or a LIBOR Rate Loan. Each Revolving Loan that is a Reference Rate Loan shall bear interest on the principal amount thereof from time to time outstanding, from the date of the making of such Loan until repaid, at a rate per annum equal to the Reference Rate plus the Applicable Margin. Each Revolving Loan that is a LIBOR Rate Loan shall bear interest on the principal amount thereof from time to time outstanding, from the date of the making of such Loan until repaid, at a rate per annum equal to the LIBOR Rate for the Interest Period in effect for such Loan plus the Applicable Margin.

(b) Term Loans. Subject to the terms of this Agreement, at the option of the Administrative Borrower, the Term Loans or any portion thereof shall be either a Reference Rate Loan or a LIBOR Rate Loan. Each portion of any Term Loans that is a Reference Rate Loan shall bear interest on the principal amount thereof from time to time outstanding, from the date of the making of such Term Loans until repaid, at a rate per annum equal to the Reference Rate plus the Applicable Margin. Each portion of any Term Loans that is a LIBOR Rate Loan shall bear interest on the principal amount thereof from time to time outstanding, from the date of the making of such Term Loans until repaid, at a rate per annum equal to the LIBOR Rate for the Interest Period in effect for such Term Loans (or such portion thereof) plus the Applicable Margin.

(c) Default Interest. To the extent permitted by law and notwithstanding anything to the contrary in this Section, upon the occurrence and during the continuance of an Event of Default, the principal of, and all accrued and unpaid interest on, all Loans, fees, indemnities or any other Obligations of the Loan Parties under this Agreement and the other Loan Documents, shall, upon the election of the Required Lenders, bear interest, from the date such Event of Default occurred until the date such Event of Default is cured or waived in writing in accordance herewith, at a rate per annum equal at all times to the Post-Default Rate.

(d) Interest Payment. Interest on each Loan shall be payable monthly, in arrears, on the last day of each calendar month, commencing on the last day of the calendar month following the calendar month in which such Loan is made and at maturity (whether upon demand, by acceleration or otherwise). Interest at the Post-Default Rate shall be payable on demand. Each Borrower hereby authorizes the Administrative Agent to, and the Administrative Agent may, from time to time, charge the Loan Account pursuant to Section 4.02 with the amount of any interest payment due hereunder.

(e) General. All interest shall be computed on the basis of a year of 360 (or 365, in the case of Loans and other obligations accruing interest based on the Reference Rate) days for the actual number of days, including the first day but excluding the last day, elapsed.

Section 2.05 Reduction of Commitment; Prepayment of Loans.

(a) Reduction of Commitments.

(i) Revolving Credit Commitments. The Total Revolving Credit Commitment shall terminate on the Final Maturity Date. The Borrowers may reduce the

Total Revolving Credit Commitment in full or in part to an amount (which may be zero) not less than the sum of (A) the aggregate unpaid principal amount of all Revolving Loans then outstanding and (B) the aggregate principal amount of all Revolving Loans not yet made as to which a Notice of Borrowing has been given by the Administrative Borrower under Section 2.02, provided that in no event shall the Borrowers be permitted to reduce the Revolving Credit Commitment to an amount less than $5,000,000 (other than the permanent reduction of the Revolving Credit Commitment to zero). Each such reduction (1) shall be in an amount which is an integral multiple of $1,000,000, (2) shall be made by providing not less than one (1) Business Day's prior written notice to the Administrative Agent, (3) shall be irrevocable (except that such notice may be conditional) and (4) shall be accompanied by the payment of the Applicable Prepayment Premium, if any, payable in connection with such reduction of the Total Revolving Credit Commitment (which shall be paid to Administrative Agent for the benefit of the Revolving Loan Lenders and shall be allocated among the Revolving Loan Lenders as they may separately agree among themselves). Once reduced, the Total Revolving Credit Commitment may not be increased. Each such reduction of the Total Revolving Credit Commitment shall reduce the Revolving Credit Commitment of each Lender proportionately in accordance with its Pro Rata Share thereof.

(ii) Initial Term Loan. The Total Initial Term Loan Commitment shall terminate on the Effective Date after the funding of the Initial Term Loan by the Term Loan Lenders.

(iii) Delayed Draw Term Loan.

(A) Unless terminated sooner pursuant to Section 2.05(a)(iii)(C), the Total Delayed Draw Term Loan Commitment shall terminate at 5:00 p.m. (New York City time) on the DDTL Commitment Expiration Date.

(B) Upon at least one (1) Business Day's prior written notice (or such shorter period as shall be acceptable to the Administrative Agent) by the Administrative Borrower to the Administrative Agent, the Administrative Borrower shall have the right at any time and from time to time to terminate the Delayed Draw Term Loan Commitments and to permanently reduce to zero the remaining unfunded portion of the Delayed Draw Term Loan Commitments thereunder.

(b) Optional Prepayment.

(i) Revolving Loans. The Borrowers may, at any time and from time to time, prepay the principal of any Revolving Loan, in whole or in part.

(ii) Term Loans. The Borrowers may, at any time and from time to time, upon (x) in the case of LIBOR Rate Loans, at least three (3) Business Days' prior written notice to the Administrative Agent and (y) in the case of Reference Rate Loans, one (1) Business Day's prior written notice to the Administrative Agent, in each case to prepay the principal of the Term Loans, in whole or in part. Each prepayment made pursuant to this clause (b)(ii) shall be irrevocable (except that such notice may be conditional) and shall be accompanied by the payment of (A) accrued interest to the date of such payment on the amount prepaid, (B) the Applicable Prepayment Premium, if any, payable in connection with such prepayment of the Term Loan,

(A) any amounts payable under Section 2.09 in connection with such prepayment of the Term Loans, and (D) if such prepayment would reduce the outstanding principal amount of the Term Loans to zero, all fees and other amounts which have accrued or otherwise become payable as of such date. Each such prepayment shall be applied pro rata against the remaining installments of principal due on the Term Loan.

(iii) [Intentionally Omitted].

(iv) Prepayment In Full. The Borrowers may, upon at least five (5) Business Days prior written notice to the Administrative Agent, terminate this Agreement by paying to the Administrative Agent, in cash, the Obligations (excluding any unasserted contingent indemnification Obligations), in full, plus the Applicable Prepayment Premium, if any, payable in connection with such termination of this Agreement. If the Administrative Borrower has sent a notice of termination pursuant to this clause (iv), then the Lenders' obligations to extend credit hereunder shall terminate and the Borrowers shall be obligated to repay the Obligations (excluding any unasserted contingent indemnification Obligations) in full, plus the Applicable Prepayment Premium, if any, payable in connection with such termination of this Agreement on the date set forth as the date of termination of this Agreement in such notice (except that such termination may be conditioned on the closing of a replacement financing facility).

(c) Mandatory Prepayment.

(i) The Borrowers will promptly (and in any event within two (2) Business Days) prepay the Revolving Loans at any time when the aggregate principal amount of all Revolving Loans exceeds the Total Revolving Credit Commitment, to the full extent of any such excess.

(ii) [Intentionally Omitted].

(iii) [Intentionally Omitted].

(iv) Within five (5) Business Days of delivery to the Agents and the Lenders of annual financial statements pursuant to Section 7.01(a)(ii), commencing with the delivery to the Agents and the Lenders of the financial statements for the Fiscal Year ended on December 31, 2020 (or, if such financial statements are not delivered to the Agents on the date such statements are required to be delivered pursuant to Section 7.01(a)(ii), five (5) Business Days after the date such statements are required to be delivered to the Agents pursuant toSection 7.01(a)(ii)), the Borrowers shall prepay the outstanding principal amount of the Loans in accordance with clause (d) below in an amount equal to the result (if positive) of (1) 50% of the Excess Cash Flow of the Parent and its Subsidiaries for such Fiscal Year (provided, that Excess Cash Flow for the Fiscal Year ended on December 31, 2020 shall be calculated for the period commencing on the Effective Date and ending on December 31, 2020), *minus* (2) the amount of any voluntary prepayments of the Term Loans made during such Fiscal Year, *minus* (3) the amount of any voluntary prepayments of the Revolving Loans accompanied by a permanent reduction or termination of the Total Revolving Credit Commitment during such Fiscal Year.

(v) Subject to clause (viii) below, within five (5) Business Days following any Permitted Disposition (other than a Disposition pursuant to clauses (b), (c), (d), (f),

(g) , (h), (i), (j) and (k) of the definition of "Permitted Disposition") by any Loan Party or its Subsidiaries pursuant to Section 7.02(c)(ii), the Borrowers shall prepay the outstanding principal amount of the Loans in accordance with clause (d) below in an amount equal to 100% of the Net Cash Proceeds received by such Person in connection with such Permitted Disposition to the extent that the aggregate amount of Net Cash Proceeds received by all Loan Parties and their Subsidiaries (and not paid to the Administrative Agent as a prepayment of the Loans) shall exceed for all such Permitted Dispositions $500,000 in any Fiscal Year. Nothing contained in this subsection (v) shall permit any Loan Party or any of its Subsidiaries to make a Disposition of any property other than in accordance with Section 7.02(c)(ii).

(vi) Upon the issuance or incurrence by any Loan Party or any of its Subsidiaries of any Indebtedness (other than Permitted Indebtedness), the Borrowers shall prepay the outstanding amount of the Loans in accordance with clause (d) below in an amount equal to 100% of the Net Cash Proceeds received by such Person in connection therewith. The provisions of this subsection (vi) shall not be deemed to be implied consent to any such issuance, incurrence or sale otherwise prohibited by the terms and conditions of this Agreement.

(vii) Subject to clause (viii) below, within two (2) Business Days of the receipt by any Loan Party or any of its Subsidiaries of any Extraordinary Receipts, the Borrowers shall prepay the outstanding principal of the Loans in accordance with clause (d) below an amount equal to 100% of such Extraordinary Receipts net of any reasonable expenses incurred in collecting such Extraordinary Receipts to the extent that the aggregate amount thereof received by all Loan Parties and their Subsidiaries (and not paid to the Administrative Agent as a prepayment of the Loans) shall exceed $750,000 in any Fiscal Year; provided, that the Loan Parties shall not be required to prepay the outstanding principal of the Loans in connection with the receipt of any Extraordinary Receipts with respect to the Club Ready Settlement in an aggregate amount not to exceed $2,000,000.

(viii) Notwithstanding the foregoing, with respect to Net Cash Proceeds received by any Loan Party or any of its Subsidiaries in connection with a Permitted Disposition or the receipt of Extraordinary Receipts consisting of insurance proceeds or condemnation awards that are required to be used to prepay the Obligations pursuant to Section 2.05(c)(v) or Section 2.05(c)(vii), as the case may be, up to $1,000,000 in the aggregate in any Fiscal Year of the Net Cash Proceeds from all such Permitted Dispositions and Extraordinary Receipts shall not be required to be so used to prepay the Obligations to the extent that such Net Cash Proceeds and Extraordinary Receipts are used to acquire, replace, repair or restore properties or assets used in the Parent's and its Subsidiaries' business, provided that, (A) no Event of Default has occurred and is continuing on the date such Person receives such Net Cash Proceeds or Extraordinary Receipts, (B) the Administrative Borrower delivers a certificate to the Administrative Agent within 30 days after the receipt of such Net Cash Proceeds or Extraordinary Receipts resulting from such Disposition or loss, destruction or taking, as the case may be, stating that such Net Cash Proceeds or Extraordinary Receipts shall be used to acquire, replace, repair or restore properties or assets used in such Person's business within a period specified in such certificate not to exceed two hundred and seventy (270) days after the date of receipt of such Net Cash Proceeds or Extraordinary Receipts (which certificate shall set forth estimates of the Net Cash Proceeds or Extraordinary Receipts to be so expended), (C) such Net Cash Proceeds or Extraordinary Receipts are (1) deposited in an account of a Loan Party listed on Schedule 6.01(v)

or (2) used to prepay the Revolving Loans so long as a reserve is established in the amount of such prepayment which reserve shall be released only upon the reinvestment of such proceeds in accordance with the terms of this clause (viii), and (D) upon the earlier of (1) the expiration of the period specified in the relevant certificate furnished to the Administrative Agent pursuant to clause (B) above or (2) the occurrence of an Event of Default, such Net Cash Proceeds or Extraordinary Receipts, if not theretofore so used, shall be used to prepay the Obligations in accordance with Section 2.05(c)(v) or Section 2.05(c)(vii) as applicable.

(ix) Within three (3) Business Days after receipt by the Borrowers of the proceeds of any Permitted Cure Equity pursuant to Section 9.02 in respect of any noncompliance with the financial covenant set forth in Section 7.03, the Borrowers shall prepay the outstanding principal amount of the Loans in accordance with Section 2.05(d) in an amount equal to 100% of such proceeds.

(d) Application of Payments. Each prepayment pursuant to subsections (c)(iv), (c)(v), (c)(vi), (c)(vii) and (c)(ix) above shall be applied first, to the Term Loan, until paid in full, and second, to the Revolving Loans (without any corresponding reduction to the Total Revolving Credit Commitment). Prepayments of the Term Loan shall be applied against the remaining installments of principal of the Term Loan (including the final payment of the Term Loan on the Final Maturity Date) in the inverse order of maturity.

(e) Interest and Fees. Any prepayment made pursuant to this Section 2.05 shall be accompanied by (i) accrued interest on the principal amount being prepaid to the date of prepayment, (ii) any Funding Losses (if any) payable pursuant to Section 2.09(e), (iii) other than in the case of prepayments made pursuant to Sections 2.05(c)(i), (iv), (v), (vii) and (ix), the Applicable Prepayment Premium, if any, payable in connection with such prepayment of the Loans and (iv) if such prepayment would reduce the amount of the outstanding Loans to zero at a time when the Total Revolving Credit Commitment has been terminated, such prepayment shall be accompanied by the payment of all fees accrued to such date pursuant to Section 2.06.

(f) Cumulative Prepayments. Payments with respect to any subsection of this Section 2.05 are without duplication of payments made or required to be made under any other subsection of this Section 2.05.

Section 2.06 Fees.

(a) Unused Line Fee. From and after the Effective Date and until the Final Maturity Date, the Borrowers shall pay to the Administrative Agent for the account of the Revolving Loan Lenders, in accordance with their Pro Rata Share, an unused line fee (the "Unused Line Fee"), which shall accrue at the rate per annum of 0.50% on the excess, if any, of the Total Revolving Credit Commitment over the sum of the average principal amount of all Revolving Loans outstanding during the prior one month period and shall be payable monthly in arrears on the last day of each month commencing March 31, 2020.

(b) Applicable Prepayment Premium. Notwithstanding anything herein to the contrary, except as provided in Section 2.05(e), in the event of the termination of this Agreement and repayment of the Obligations at any time prior to the Final Maturity Date, for any

reason, including (i) termination upon the election of the Required Lenders to terminate after the occurrence and during the continuation of an Event of Default (or, in the case of the occurrence of any Event of Default described in Section 9.01(f) or Section 9.01(g) with respect to any Loan Party, automatically upon the occurrence thereof), (ii) foreclosure and sale of Collateral, (iii) sale of the Collateral in any Insolvency Proceeding, or (iv) restructuring, reorganization, or compromise of the Obligations by the confirmation of a plan of reorganization or any other plan of compromise, restructuring, or arrangement in any Insolvency Proceeding, then, in view of the impracticability and extreme difficulty of ascertaining the actual amount of damages to the Agents and the Lenders or profits lost by the Agents and the Lenders as a result of such early termination, and by mutual agreement of the parties as to a reasonable estimation and calculation of the lost profits or damages of the Agents and the Lenders, the Borrowers shall pay to the Administrative Agent, for the account of the Lenders in accordance with written agreements amongst the Collateral Agent, the Administrative Agent and the Lenders, the Applicable Prepayment Premium, if any, measured as of the date of such termination. The Loan Parties expressly agree that: (A) the Applicable Prepayment Premium is reasonable and is the product of an arm's length transaction between sophisticated business people, ably represented by counsel; (B) the Applicable Prepayment Premium shall be payable notwithstanding the then prevailing market rates at the time payment is made; (C) there has been a course of conduct between the Lenders and the Loan Parties giving specific consideration in this transaction for such agreement to pay the Applicable Prepayment Premium; (D) the Loan Parties' agreement to pay the Applicable Prepayment Premium is a material inducement to Lenders to provide the Commitments and make the Loans; and (E) the Applicable Prepayment Premium represents a good faith, reasonable estimate and calculation of the lost profits or damages of the Agents and the Lenders and that it would be impractical and extremely difficult to ascertain the actual amount of damages to the Agents and the Lenders or profits lost by the Agents and the Lenders as a result of such acceleration. No Applicable Prepayment Premium shall be due and owing (1) in connection with any prepayment of the Term Loan resulting from an initial public offering of the Parent that is consummated on or before the first anniversary of the Effective Date, solely with respect to (x) the first $35,000,000 of the Term Loan prepaid in connection therewith or (y) if the General Atlantic Investment has occurred, the first $50,000,000 of the Term Loan prepaid in connection therewith, (2) in connection with the refinancing in full of Obligations in which Cerberus participates in such refinancing as a lender.

(c) Delayed Draw Term Loan Unused Line Fee. The Borrower agrees to pay to the Administrative Agent, for the account of the Delayed Draw Term Lenders, a ticking fee (the "DDTL Unused Commitment Fee"), which shall accrue on the unfunded portion of the Delayed Draw Term Loan Commitments, beginning on the Effective Date and ending on the DDTL Commitment Expiration Date, and shall be payable monthly in arrears on the last day of each month (commencing on March 31, 2020), in an amount equal to 0.50% per annum of the actual daily undrawn portion of the Delayed Draw Term Loan Commitments during such period.

(d) Fee Letter. As and when due and payable under the terms of the Fee Letter, the Borrowers shall pay the fees set forth in the Fee Letter.

Section 2.07 [Intentionally Omitted].

Section 2.08 Taxes (a) Except as otherwise required by applicable law, any and all payments by any Loan Party hereunder or under any other Loan Document shall be made free

and clear of and without deduction for any and all Taxes. If any Loan Party shall be required to deduct any Taxes from or in respect of any sum payable hereunder to any Agent or any Lender (or any Transferee), (i) if such Tax is an Indemnified Tax, the sum payable shall be increased by the amount (an "Additional Amount") necessary so that after making all such deductions (including deductions applicable to additional sums payable under this Section 2.08) such Agent or such Lender (or such Transferee) shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make such deductions and (iii) such Loan Party shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law. For purposes of this Section 2.08, the term "applicable law" includes FACTA.

(b) In addition, each Loan Party agrees to pay to the relevant Governmental Authority in accordance with applicable law any present or future stamp or documentary taxes or any recording, intangible or similar taxes, charges or levies that arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment ("Other Taxes"). Each Loan Party shall deliver to the Administrative Agent official receipts or certified copies thereof (or other reasonable evidence of payment) in respect of any Taxes or Other Taxes payable hereunder promptly after payment of such Taxes or Other Taxes.

(c) The Loan Parties hereby jointly and severally indemnify and agree to hold each Agent and each Lender harmless from and against any Indemnified Taxes (including, without limitation, Indemnified Taxes imposed on any amounts payable under this Section 2.08) paid by such Person, whether or not such Indemnified Taxes were correctly or legally asserted by the relevant Governmental Authority. Such indemnification shall be paid within ten (10) days from the date on which any such Person makes written demand therefor specifying in reasonable detail the nature and amount of such Indemnified Taxes.

(d)

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and delivery of such documentation (other than such documentation set forth in (d)(ii) and (d)(iii) below) shall not be required if in any Lender's reasonable judgment, such completion, execution or delivery would subject such Lender to any material unreimbursed cost or would materially prejudice the legal or commercial position of such Lender.

(ii) Each Lender (or Transferee) that is organized under the laws of a jurisdiction outside the United States (a "Non-U.S. Lender") agrees that it shall, no later than the Effective Date (or, in the case of a Lender (or Transferee) which becomes a party hereto pursuant to Section 12.07 hereof after the Effective Date, promptly after the date upon which such Lender (or Transferee) becomes a party hereto) deliver to the Agents (and the Administrative Agent shall deliver a copy to the Administrative Borrower) (or, in the case of a participant, to the Lender granting the participation only) one properly completed and duly executed copy of either U.S. Internal Revenue Service Form W-8BEN, W-8BEN-E, W-8ECI or W-8IMY or any subsequent versions thereof or successors thereto, in each case claiming complete exemption from, or reduced rate of, U.S. Federal withholding tax and payments of interest hereunder. In addition, in the case of a Non-U.S. Lender claiming exemption from U.S. Federal withholding tax under Section 871(h) or 881(c) of the Internal Revenue Code, such Non-U.S. Lender hereby represents to the Agents and the Borrowers that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Internal Revenue Code, is not a10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code) of the Parent and is not a controlled foreign corporation related to the Parent (within the meaning of Section 881(c)(3)(C) of the Internal Revenue Code), and such Non-U.S. Lender agrees that it shall promptly notify the Agents in the event any such representation is no longer accurate. Such forms shall be delivered by each Non- U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of a Transferee that is a participation holder, on or before the date such participation holder becomes a Transferee hereunder) and on or before the date, if any, such Non-U.S. Lender changes its applicable lending office by designating a different lending office (a "New Lending Office"). In addition, such Non-U.S. Lender shall deliver such forms within twenty (20) days after receipt of a written request therefor from any Agent (who may be acting pursuant to a request by the Administrative Borrower), the assigning Lender or the Lender granting a participation, as applicable. Each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence, expiration or invalidity of any form previously delivered by such Non-U.S. Lender. Notwithstanding any other provision of this Section 2.08, a Non-U.S. Lender shall not be required to deliver any form pursuant to thisSection 2.08(d) that such Non-U.S. Lender is not legally able to deliver. If a payment made to a Lender under any Loan Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender fails to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent (A) a certification signed by the chief financial officer, principal accounting officer, treasurer or controller and (B) other documentation reasonably requested by the Borrower and the Administrative Agent sufficient for the Administrative Agent and the Borrower to comply with their obligations under FATCA and to determine that such Lender has complied with such applicable reporting requirements. Solely for purposes of this clause (d), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Any Lender (or Transferee) that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or Agents), executed copies of IRS form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax.

(e) The Loan Parties shall not be required to indemnify any Non-U.S. Lender, or pay any Additional Amounts to any Non-U.S. Lender, in respect of any withholding tax pursuant to this Section 2.08 to the extent that (i) the obligation to withhold such amounts existed on the date such Non-U.S. Lender became a party to this Agreement (or, in the case of a Transferee that is a participation holder, on the date such participation holder became a Transferee hereunder) or, with respect to payments to a New Lending Office, the date such Non-U.S. Lender designated such New Lending Office with respect to a Loan; provided, however, that this clause (i) shall not apply to the extent the indemnity payment or Additional Amounts any Transferee, or Lender (or Transferee) through a New Lending Office, would be entitled to receive (without regard to this clause (i)) do not exceed the indemnity payment or Additional Amounts that the Person making the assignment, participation or transfer to such Transferee, or Lender (or Transferee) making the designation of such New Lending Office, would have been entitled to receive in the absence of such assignment, participation, transfer or designation, or (ii) the obligation to pay such Additional Amounts would not have arisen but for a failure by such Non-U.S. Lender to comply with the provisions of clause (d) above.

(f) The Administrative Agent shall deliver to the Borrower two executed copies of whichever of the following is applicable:

(i) if the Administrative Agent is a U.S. Person, IRS Form W-9 certifying to such Administrative Agent's exemption from U.S. federal backup withholding; or

(ii) if the Administrative Agent is not a U.S. Person,

(A) IRS Form W-8ECI with respect to payments received for its own account; and

(B) IRS Form W-8IMY with respect to any amounts payable to the Administrative Agent for the account of others, certifying that it is a U.S. branch of a foreign bank or insurance company described in Regulations section 1.1441-1(b)(2)(iv)(A) that is a participating FFI (including a reporting Model 2 FFI), registered deemed-compliant FFI (including a reporting Model 1 FFI), or NFFE that is using this form as evidence of its agreement with the withholding agent to be treated as a U.S. Person with respect to any payments associated with this withholding certificate.

The Administrative Agent agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower in writing of its legal inability to do so.

(g) If any Lender or any Agent determines, in its sole judgment exercised in good faith, that it has received a refund of any Indemnified Taxes as to which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this Section 2.08, it shall pay to the Administrative Borrower an amount equal to such refund (but only the extent of indemnity payments made, or additional amounts paid, by the Loan Parties under this Section with respect to the Indemnified Taxes giving rise to such refund), net of all out-of-pocket expenses of such Agent or such Lender, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect

to such refund); provided that the Administrative Borrower, upon the reasonable request of such Agent or such Lender, agrees to repay the amount paid over to the Administrative Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to such Agent or such Lender in the event such Agent or such Lender is required to repay such refund to such Governmental Authority. This subsection shall not be construed to require any Agent or any Lender to make available its tax returns and any other information relating to its taxes that it deems confidential to any Borrower or any other Person.

(h) Any Agent or any Lender (or Transferee) claiming any indemnity payment or additional payment amounts payable pursuant to this Section 2.08 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document reasonably requested in writing by the Administrative Borrower or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such indemnity payment or additional amount that may thereafter accrue, would not require such Agent or such Lender (or Transferee) to disclose any information such Agent or such Lender (or Transferee) deems confidential and would not, in the sole determination of such Agent or such Lender (or Transferee), be otherwise disadvantageous to such Agent or such Lender (or Transferee).

(i) The obligations of the Loan Parties under this Section 2.08 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

Section 2.09 LIBOR Option.

(a) In lieu of having interest charged at the rate based upon the Reference Rate, the Borrowers shall have the option (the "LIBOR Option") to have interest on all or a portion of the Loans be charged at a rate of interest based upon the LIBOR Rate. Each Interest Period of a LIBOR Rate Loan shall commence on the date such LIBOR Rate Loan is made and shall end on such date as the Borrowers may elect as set forth in Section 2.02(a) above; provided that the exact length of each Interest Period shall be determined in accordance with the practice of the interbank market for offshore Dollar deposits. If on the date that is three (3) Business Days prior to the last day of each Interest Period of a LIBOR Rate Loan, unless the Administrative Borrower otherwise instructs in accordance with the terms hereunder, the interest rate applicable to such LIBOR Rate Loan shall automatically continue at the LIBOR Rate for an additional period equal in length to such Interest Period. At the direction of the Required Lenders at any time that an Event of Default has occurred and is continuing, the Administrative Borrower no longer shall have the option to request that Loans bear interest at the LIBOR Rate and Administrative Agent shall have the right to convert the interest rate on all outstanding LIBOR Rate Loans to the rate then applicable to Reference Rate Loans hereunder.

(b) The Administrative Borrower shall elect the initial Interest Period applicable to a LIBOR Rate Loan by its Notice of Borrowing given to the Administrative Agent pursuant to Section 2.02(a) or by its notice of conversion given to the Administrative Agent pursuant to Section 2.09(c), as the case may be. The Administrative Borrower shall elect the duration of each succeeding Interest Period by giving irrevocable written notice to the Administrative Agent of such duration not later than 1:00 p.m. (New York time) on the day which

is three (3) Business Days prior to the last day of the then current Interest Period applicable to such LIBOR Rate Loan. If the Administrative Agent does not receive timely notice of the Interest Period elected by the Administrative Borrower, the Administrative Borrower shall be deemed to have elected to convert such LIBOR Rate Loan to a Reference Rate Loan.

(c) The Administrative Borrower may, on any Business Day of the then current Interest Period applicable to any outstanding LIBOR Rate Loan, or on any Business Day with respect to Reference Rate Loans, convert any such loan into a loan of another type of loan (i.e., a Reference Rate Loan or a LIBOR Rate Loan) in the same aggregate principal amount, provided that any conversion of a LIBOR Rate Loan not made on the last Business Day of the then current Interest Period applicable to such LIBOR Rate Loan shall be subject to Section 2.09(e). If a Borrower desires to convert a Loan, such Borrower shall deliver to the Administrative Agent a LIBOR Notice by no later than 1:00 p.m. (New York time) (i) on the day which is three (3) Business Days' prior to the date on which such conversion is to occur with respect to a conversion from a Reference Rate Loan to a LIBOR Rate Loan, or (ii) on the day which is one (1) Business Day prior to the date on which such conversion is to occur with respect to a conversion from a LIBOR Rate Loan to a Reference Rate Loan, specifying, in each case, the date of such conversion, the Loans to be converted and if the conversion is from a Reference Rate Loan to a LIBOR Rate Loan, the duration of the first Interest Period therefor.

(d) In the event that any prepayment of a LIBOR Rate Loan is required or permitted on a date other than the last Business Day of the then current Interest Period with respect thereto, the Borrowers shall, jointly and severally, indemnify the Administrative Agent and Lenders therefor in accordance with Section 2.09(e).

(e) The Borrowers shall, jointly and severally, indemnify the Agents and Lenders and hold the Agents and Lenders harmless from and against any and all losses, costs or expenses, excluding the loss of any margin above the LIBOR Rates (such losses, costs and expenses, collectively, "Funding Losses"), that the Agents and Lenders may sustain or incur as a consequence of any mandatory or voluntary prepayment, conversion of or any default by the Borrowers in the payment of the principal of or interest on any LIBOR Rate Loan or failure by the Borrowers to complete a borrowing of, a prepayment of or conversion of or to a LIBOR Rate Loan after notice thereof has been given, including, but not limited to, any interest, excluding the loss of any margin above the LIBOR Rates, payable by the Agents or Lenders to lenders of funds obtained by it in order to make or maintain its LIBOR Rate Loans hereunder (it being agreed that the Agents and Lenders shall be entitled to such indemnification on such basis whether or not they have obtained such funds to make or maintain its LIBOR Rate Loans hereunder, to be calculated in accordance with customary banking practices). A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by any Agent or any Lender to the Borrowers shall be conclusive absent manifest error.

(f) Notwithstanding any other provision hereof, if any Requirement of Law or any change therein or in the interpretation or application thereof, shall make it unlawful for any Lender (for purposes of this subsection (f), the term "Lender" shall include any Lender and the office or branch where any Lender or any corporation or bank controlling such Lender makes or maintains any LIBOR Rate Loans) to make or maintain its LIBOR Rate Loans, the obligation of such Lender to make LIBOR Rate Loans hereunder shall forthwith be cancelled and the Borrowers

shall, if any affected LIBOR Rate Loans are then outstanding, promptly and upon the reasonable request from the Administrative Agent, at the Borrowers' option, either pay all such affected LIBOR Rate Loans or convert such affected LIBOR Rate Loans into loans of another type. If any such payment or conversion of any LIBOR Rate Loan is made on a day that is not the last day of the Interest Period applicable to such LIBOR Rate Loan, the Borrowers shall pay the Administrative Agent, upon the Administrative Agent's reasonable request, such amount or amounts as may be necessary to compensate Lenders for any Funding Losses sustained or incurred by Lenders in respect of such LIBOR Rate Loan as a result of such payment or conversion, including (but not limited to) any interest or other amounts payable by Lenders to lenders of funds actually obtained by Lenders in order to make or maintain such LIBOR Rate Loan. A certificate as to any additional amounts that describes in reasonable detail the calculations thereof payable pursuant to the foregoing sentence submitted by Lenders to the Borrowers shall be conclusive absent manifest error.

(g) Subject to the last paragraph of the definition of "LIBOR Rate", in the event that any Agent shall have determined that:

(i) reasonable means do not exist for ascertaining the LIBOR Rate applicable pursuant to Section 2.02(a) for any Interest Period; or

(ii) Dollar deposits in the relevant amount and for the relevant maturity are not available in the London interbank LIBOR market, with respect to an outstanding LIBOR Rate Loan, a proposed LIBOR Rate Loan, or a proposed conversion of a Reference Rate Loan into a LIBOR Rate Loan,

then Administrative Agent shall give the Administrative Borrower prompt written, telephonic or facsimile notice of such determination. If such notice is given, (i) any such requested LIBOR Rate Loan shall be made as a Reference Rate Loan, unless the Administrative Borrower shall notify the Administrative Agent no later than 1:00 p.m. (New York time) two (2) Business Days prior to the date of such proposed borrowing, that its request for such borrowing shall be cancelled or made as an unaffected type of LIBOR Rate Loan, (ii) any Reference Rate Loan or LIBOR Rate Loan which was to have been converted to an affected type of LIBOR Rate Loan shall be continued as or converted into a Reference Rate Loan, or, if the Administrative Borrower shall notify the Administrative Agent, no later than 11:00 a.m. (New York time) two (2) Business Days prior to the proposed conversion, shall be maintained as an unaffected type of LIBOR Rate Loan, and (iii) any outstanding affected LIBOR Rate Loans shall be converted into a Reference Rate Loan, or, if the Administrative Borrower shall notify Administrative Agent, no later than 11:00 a.m. (New York time) two (2) Business Days prior to the last Business Day of the then current Interest Period applicable to such affected LIBOR Rate Loan, shall be converted into an unaffected type of LIBOR Rate Loan, on the last Business Day of the then current Interest Period for such affected LIBOR Rate Loans. Until such notice has been withdrawn, Lenders shall have no obligation to make an affected type of LIBOR Rate Loan or maintain outstanding affected LIBOR Rate Loans and the Borrowers shall not have the right to convert a Reference Rate Loan or an unaffected type of LIBOR Rate Loan into an affected type of LIBOR Rate Loan.

(h) Anything to the contrary contained herein notwithstanding, neither any Agent nor any Lender, nor any of their participants, is required actually to acquire LIBOR deposits

to fund or otherwise match fund any Obligation as to which interest accrues at the LIBOR Rate. The provisions of this ARTICLE II shall apply as if each Lender or its participants had match funded any Obligation as to which interest is accruing at the LIBOR Rate by acquiring LIBOR deposits for each Interest Period in the amount of the LIBOR Rate Loans.

(i)

(i) If any Lender requests compensation or if any Borrower is required to pay any additional amount to any Lender or if any Borrower is required to pay any additional interest or other amount to any Lender hereunder (each, a "Required Amount"), then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable hereunder in the future, (ii) would not subject such Lender to any unreimbursed cost or expense, and (iii) would not otherwise be materially disadvantageous to such Lender.

(ii) If any Lender requires the Borrower to pay any Required Amounts and such Lender has declined or is unable to designate a different lending office in accordance with clause (a) above, or if any Lender is a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 12.07), all of its interests, rights and obligations under this Agreement and the other Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(A) the Borrower shall have paid to the Agents any assignment fees specified in Section 12.07;

(B) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts); and

(C) such assignment does not conflict with applicable law.

Prior to the effective date of such assignment, the assigning Lender shall execute and deliver an Assignment and Acceptance, subject only to the conditions set forth above. If the assigning Lender shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such assignment, the assigning Lender shall be deemed to have executed and delivered such Assignment and Acceptance. Any such assignment shall be made in accordance with the terms of Section 12.07. A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

ARTICLE III

[Intentionally Omitted].

ARTICLE IV

PAYMENTS AND OTHER COMPENSATION

Section 4.01 [Intentionally Omitted].

Section 4.02 Payments; Computations and Statements. (a) The Borrowers will make each payment under this Agreement not later than 1:00 p.m. (New York time) on the day when due, in lawful money of the United States of America and in immediately available funds, to the Administrative Agent's Account. All payments received by the Administrative Agent after 1:00 p.m. (New York time) on any Business Day will be credited to the Loan Account on the next succeeding Business Day. All payments shall be made by the Borrowers without set-off, counterclaim, deduction or other defense to the Agents and the Lenders. Except as provided in Section 2.02, after receipt, the Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal ratably to the Lenders in accordance with their Pro Rata Shares and like funds relating to the payment of any other amount payable to any Lender to such Lender, in each case to be applied in accordance with the terms of this Agreement, provided that the Administrative Agent will cause to be distributed all interest and fees received from or for the account of the Borrowers not less than once each month and in any event promptly after receipt thereof. The Lenders and the Borrowers hereby authorize the Administrative Agent to, and the Administrative Agent may, from time to time during the existence of an Event of Default, charge the Loan Account of the Borrowers with any amount due and payable by the Borrowers under any Loan Document. Any amount charged to the Loan Account of the Borrowers shall be deemed a Revolving Loan hereunder made by the Revolving Loan Lenders to the Borrowers, funded by the Administrative Agent on behalf of the Revolving Loan Lenders and subject to Section 2.02 of this Agreement. Whenever any payment to be made under any such Loan Document shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall in such case be included in the computation of interest or fees, as the case may be. All computations of fees shall be made by the Administrative Agent on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such fees are payable. Each determination by the Administrative Agent of an interest rate or fees hereunder shall be conclusive and binding for all purposes in the absence of manifest error.

(b) The Administrative Agent shall provide the Administrative Borrower, promptly after the end of each calendar month, a summary statement (in the form from time to time used by the Administrative Agent) of the opening and closing daily balances in the Loan Account of the Borrowers during such month, the amounts and dates of all Loans made to the Borrowers during such month, the amounts and dates of all payments on account of the Loans to the Borrowers during such month and the Loans to which such payments were applied, the amount of interest accrued on the Loans to the Borrowers during such month, the amounts and dates of all Loans made to the Borrowers during such month, and the amount and nature of any

charges to the Loan Account made during such month on account of fees, commissions, expenses and other Obligations. All entries on any such statement shall be presumed to be correct and, thirty (30) days after the same is sent, shall be final and conclusive absent manifest error.

Section 4.03 Sharing of Payments, Defaulting Lenders, Etc.

(a) The Administrative Agent shall not be obligated to transfer to a Defaulting Lender any payments made by any Borrower to the Administrative Agent for the Defaulting Lender's benefit, and, in the absence of such transfer to the Defaulting Lender, the Administrative Agent shall transfer any such payments to each other non-Defaulting Lender ratably in accordance with their Commitments (but only to the extent that such Defaulting Lender's Loan was funded by the other Lenders) or, if so directed by the Borrowers and if no Default or Event of Default has occurred and is continuing (and to the extent such Defaulting Lender's Loan was not funded by the other Lenders), retain the same to be re-advanced to the Borrowers as if such Defaulting Lender had made such Loans to the Borrowers. Subject to the foregoing, the Administrative Agent may hold and, in its discretion, re-lend to the Borrowers for the account of such Defaulting Lender the amount of all such payments received and retained by the Administrative Agent for the account of such Defaulting Lender. This Section shall remain effective with respect to such Lender until (x) the Obligations (other than unasserted contingent indemnification Obligations) under this Agreement shall have been declared or shall have become immediately due and payable, (y) the non-Defaulting Lenders, the Administrative Agent, and the Borrowers shall have waived such Defaulting Lender's default in writing, or (z) the Defaulting Lender makes its Pro Rata Share of the applicable defaulted Loan and pays to the Administrative Agent all amounts owing by such Defaulting Lender in respect thereof. The operation of this Section shall not be construed to increase or otherwise affect the Commitment of any Lender, to relieve or excuse the performance by such Defaulting Lender or any other Lender of its duties and obligations hereunder, or to relieve or excuse the performance by the Borrowers of its duties and obligations hereunder to the Administrative Agent or to the Lenders other than such Defaulting Lender. Any such failure to fund by any Defaulting Lender shall constitute a material breach by such Defaulting Lender of this Agreement and shall entitle the Borrowers at their option, subject to the written consent of the Collateral Agent (which consent shall not be unreasonably withheld), to permanently replace the Defaulting Lender with one or more substitute Lenders (each, a "Replacement Lender"), and the Defaulting Lender shall have no right to refuse to be replaced hereunder. Notice from the Borrowers to the Agents effecting their right to replace the Defaulting Lender shall specify an effective date for such replacement, which date shall not be later than fifteen (15) Business Days after the date such notice is given. Prior to the effective date of such replacement, the Defaulting Lender and each Replacement Lender shall execute and deliver an Assignment and Acceptance, subject only to the Defaulting Lender being repaid its share of the outstanding Obligations without any premium or penalty of any kind whatsoever. If the Defaulting Lender shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such replacement, the Defaulting Lender shall be deemed to have executed and delivered such Assignment and Acceptance. The replacement of any Defaulting Lender shall be made in accordance with the terms of Section 12.07(b). Any such assumption of the Commitment of such Defaulting Lender shall not be deemed to constitute a waiver of any of the Lenders' or the Borrowers' rights or remedies against any such Defaulting Lender arising out of or in relation to such failure to fund.

(b) Except as provided in Section 2.02 or Section 12.07, if any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set- off, or otherwise) on account of any Obligation in excess of its ratable share of payments on account of similar obligations obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in such similar obligations held by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender of any interest or other amount paid by the purchasing Lender in respect of the total amount so recovered); provided, the provisions of this Section 4.03(b) shall not be construed to apply to any payment made by or on behalf of any Borrower pursuant to and in accordance with the terms of this Agreement (including, without limitation, as provided in Section 2.05 and the application of funds arising from the existence of a Defaulting Lender) The Borrowers agree that any Lender so purchasing a participation from another Lender pursuant to this Section 4.03(b) may, to the fullest extent permitted by law, exercise all of its rights (including the Lender's right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrowers in the amount of such participation.

Section 4.04 Apportionment of Payments. Subject to Section 2.02 or Section 12.07 hereof and to any written agreement among the Agents and/or the Lenders:

(a) all payments of principal and interest in respect of outstanding Loans, all payments of fees (other than the fees set forth in Sections 2.06 and 7.01(f) hereof) and all other payments in respect of any other Obligations, shall be allocated by the Administrative Agent among such of the Lenders as are entitled thereto, in proportion to their respective Pro Rata Shares or otherwise as provided herein or, in respect of payments not made on account of Loans, as designated by the Person making payment when the payment is made.

(b) After the occurrence and during the continuance of an Event of Default, the Administrative Agent may, and upon the direction of the Required Lenders shall, apply all proceeds of the Collateral, subject to the provisions of this Agreement, (i) first, ratably to pay the Obligations in respect of any fees, expense reimbursements, indemnities and other amounts then due and payable to the Agents until paid in full; (ii) second, ratably to pay interest then due and payable in respect of the Agent Advances until paid in full; (iii) third, ratably to pay principal of the Agent Advances until paid in full; (iv) fourth, ratably to pay the Obligations in respect of any fees (other than any Applicable Prepayment Premium) and indemnities then due and payable to the Lenders until paid in full; (v) fifth, ratably to pay interest then due and payable in respect of the Loans until paid in full; (vi) sixth, ratably to pay principal of the Loans until paid in full; (vii) seventh, ratably to pay the Obligations in respect of any Applicable Prepayment Premium then due and payable to the Lenders until paid in full; and (viii) eighth, to the ratable payment of all other Obligations then due and payable.

(c) In each instance, so long as no Event of Default has occurred and is continuing,Section 4.04(b) shall not be deemed to apply to any payment by the Borrowers

specified by the Administrative Borrower to the Administrative Agent to be for the payment of Term Loan Obligations then due and payable under any provision of this Agreement or the prepayment of all or part of the principal of the Term Loans in accordance with the terms and conditions of Section 2.05.

(d) For purposes of Section 4.04(b), (other than clause (viii)), "paid in full" means payment in cash of all amounts owing under the Loan Documents according to the terms thereof, including loan fees, service fees, professional fees, interest (and specifically including interest accrued after the commencement of any Insolvency Proceeding), default interest, interest on interest, and expense reimbursements, whether or not same would be or is allowed or disallowed in whole or in part in any Insolvency Proceeding, except to the extent that default or overdue interest (but not any other interest) and loan fees, each arising from or related to a default, are disallowed in any Insolvency Proceeding; provided, however, that for the purposes of clause (viii), "paid in full" means payment in cash of all amounts owing under the Loan Documents according to the terms thereof, including loan fees, service fees, professional fees, interest (and specifically including interest accrued after the commencement of any Insolvency Proceeding), default interest, interest on interest, and expense reimbursements, whether or not the same would be or is allowed or disallowed in whole or in part in any Insolvency Proceeding.

(e) In the event of a direct conflict between the priority provisions of this Section 4.04 and other provisions contained in any other Loan Document, it is the intention of the parties hereto that both such priority provisions in such documents shall be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of this Section 4.04 shall control and govern.

Section 4.05 Increased Costs and Reduced Return. (a) If any Lender or any Agent shall have determined that a Change in Law, shall (i) subject such Agent or such Lender, or any Person controlling such Agent or such Lender, to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, (ii) impose, modify or deem applicable any reserve, special deposit or similar requirement against any Loan or against assets of or held by, or deposits with or for the account of, or credit extended by, such Agent or such Lender or any Person controlling such Agent or such Lender or (iii) impose on such Agent or such Lender or any Person controlling such Agent or such Lender any other condition regarding this Agreement or any Loan, and the result of any event referred to in clauses (i), (ii) or (iii) above shall be to increase the cost to such Agent or such Lender of making any Loan, or agreeing to make any Loan, or to reduce any amount received or receivable by such Agent or such Lender hereunder, then, within twenty (20) days after receipt by the Administrative Borrower from such Agent or such Lender of the certificate required under Section 4.05(c), the Borrowers shall pay to such Agent or such Lender such additional amounts as will compensate such Agent or such for such increased costs or reductions in amounts received or receivable.

(b) If any Agent or any Lender shall have determined that any Change in Law either (i) affects or would affect the amount of capital required or expected to be maintained by such Agent or such Lender or any Person controlling such Agent or such Lender, and such Agent

or such Lender determines that the amount of such capital is increased as a direct or indirect consequence of any Loans made or maintained, such Agent's or such Lender's or such other controlling Person's other obligations hereunder, or (ii) has or would have the effect of reducing the rate of return on such Agent's or such Lender's or such other controlling Person's capital to a level below that which such Agent or such Lender or such controlling Person could have achieved but for such circumstances as a consequence of any Loans made or maintained, or any guaranty or participation with respect thereto or any agreement to make Loans, or such Agent's, or such Lender's or such other controlling Person's other obligations hereunder (in each case, taking into consideration, such Agent's or such Lender's or such other controlling Person's policies with respect to capital adequacy), then, within twenty (20) days after receipt by the Administrative Borrower from such Agent or such Lender of the certificate required under Section 4.05(c), the Borrowers shall pay to such Agent or such Lender for such cost of maintaining such increased capital or such reduction in the rate of return on such Agent's or such Lender's or such other controlling Person's capital.

(c) All amounts payable under this Section 4.05 shall bear interest from the date that is twenty (20) days after the date of demand by any Agent or any Lender until payment in full to such Agent or such Lender at the Reference Rate. A certificate of such Agent or such Lender claiming compensation under this Section 4.05, specifying the event herein above described and the nature of such event shall be submitted by such Agent or such Lender to the Administrative Borrower, setting forth the additional amount due and an explanation of the calculation thereof in reasonable detail, and such Agent's or such Lender's reasons for invoking the provisions of this Section 4.05, and shall be final and conclusive absent manifest error; provided that any such certificate claiming amounts described in clause (i) or (ii) of the proviso set forth in the definition of Change in Law shall, in addition, state the basis upon which such amount has been calculated and certify that such Agent's or Lender's method of allocating such costs is fair and reasonable and that such Agent's or Lender's demand for payment of such costs hereunder, and such method of allocation, is not inconsistent with its treatment of other borrowers which, as a credit matter, are substantially similar to the Borrowers and which are subject to similar provisions.

(d) If any Lender or Agent becomes entitled to claim any additional amounts pursuant to this Section, it shall promptly notify the Loan Parties of the event by reason of which it has become so entitled; provided that the Loan Parties shall not be required to compensate a Lender or Agent pursuant to this paragraph for any amounts incurred more than six months prior to the date that such Lender or Agent notifies the Loan Parties of such Lender's or Agent's intention to claim compensation therefor in accordance with Section 4.05(c); provided further that, if the circumstances giving rise to such claim have a retroactive effect, then such six-month period shall be extended to include the period of such retroactive effect.

(e) If any Lender or Agent requests compensation or if any Borrower is required to pay any additional amount to any Lender or Agent or if any Borrower is required to pay any additional interest or other amount to any Lender or Agent hereunder, then such Lender or Agent shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the reasonable judgment of such Lender or Agent such designation or assignment (i) would eliminate or reduce amounts payable hereunder in the future, (ii) would not subject such Lender or Agent to any unreimbursed cost or expense, and (iii) would not otherwise be materially disadvantageous to such Lender or Agent.

Section 4.06 Joint and Several Liability of the Borrowers. (a) Notwithstanding anything in this Agreement or any other Loan Document to the contrary, each of the Borrowers hereby accepts joint and several liability hereunder and under the other Loan Documents in consideration of the financial accommodations to be provided by the Agents and the Lenders under this Agreement and the other Loan Documents, for the mutual benefit, directly and indirectly, of each of the Borrowers and in consideration of the undertakings of the other Borrowers to accept joint and several liability for the Obligations. Each of the Borrowers, jointly and severally, hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Borrowers, with respect to the payment and performance of all of the Obligations (including, without limitation, any Obligations arising under this Section 4.06), it being the intention of the parties hereto that all of the Obligations shall be the joint and several obligations of each of the Borrowers without preferences or distinction among them. If and to the extent that any of the Borrowers shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event, the other Borrowers will make such payment with respect to, or perform, such Obligation. Subject to the terms and conditions hereof, the Obligations of each of the Borrowers under the provisions of this Section 4.06 constitute the absolute and unconditional, full recourse Obligations of each of the Borrowers, enforceable against each such Person to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of this Agreement, the other Loan Documents or any other circumstances whatsoever.

(b) The provisions of this Section 4.06 are made for the benefit of the Agents, the Lenders and their successors and assigns, and may be enforced by them from time to time against any or all of the Borrowers as often as occasion therefor may arise and without requirement on the part of the Agents, the Lenders or such successors or assigns first to marshal any of its or their claims or to exercise any of its or their rights against any of the other Borrowers or to exhaust any remedies available to it or them against any of the other Borrowers or to resort to any other source or means of obtaining payment of any of the Obligations hereunder or to elect any other remedy. The provisions of this Section 4.06 shall remain in effect until all of the Obligations (other than unasserted contingent indemnification Obligations) shall have been paid in full or otherwise fully satisfied.

(c) Each of the Borrowers hereby agrees that it will not enforce any of its rights of contribution or subrogation against the other Borrowers with respect to any liability incurred by it hereunder or under any of the other Loan Documents, any payments made by it to the Agents or the Lenders with respect to any of the Obligations or any Collateral, until such time as all of the Obligations (other than unasserted contingent indemnification Obligations) have been paid in full in cash. Any claim which any Borrower may have against any other Borrower with respect to any payments to the Agents or the Lenders hereunder or under any other Loan Documents are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the Obligations arising hereunder or thereunder, to the prior payment in full in cash of the Obligations (other than unasserted contingent indemnification Obligations).

ARTICLE V

CONDITIONS TO LOANS

Section 5.01 Conditions Precedent to Effectiveness. This Agreement shall become effective as of the Effective Date when each of the following conditions precedent shall have been satisfied (or waived) in a manner reasonably satisfactory to the Agents:

(a) Payment of Fees, Etc. The Borrowers shall have paid on or before the date of this Agreement all fees, costs, expenses and taxes then due and payable pursuant to Section 2.06 and Section 12.04 to the extent invoiced at least two (2) Business Days prior to the Effective Date.

(b) Representations and Warranties; No Event of Default. The following statements shall be true and correct: (i) the representations and warranties contained in ARTICLE VI and in each other Loan Document, certificate or other writing delivered to any Agent or any Lender pursuant hereto or thereto on or prior to the date hereof are true and correct in all material respects (except that such materiality qualifier shall not be applicable to representations and warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date in which case such representations and warranties shall have been true and correct on such earlier date, and (ii) no Event of Default shall have occurred and be continuing on the Effective Date or would result from this Agreement or the other Loan Documents becoming effective in accordance with its or their respective terms.

(c) Legality. The making of the initial Loans shall not contravene any law, rule or regulation applicable to any Lender.

(d) Delivery of Documents. The Collateral Agent shall have received on or before the Effective Date the following, each in form and substance reasonably satisfactory to the Collateral Agent and, unless indicated otherwise, dated the Effective Date:

(i) this Agreement, duly executed by the parties hereto;

(ii) the Intercompany Subordination Agreement, duly executed by each of the parties thereto; parties thereto;

(iii) the Flow of Funds Agreement, duly executed by each of the

(iv) the Perfection Certificate, duly executed by the Administrative Borrower;

(v) the Fee Letter, duly executed by the Borrowers;

(vi) a Security Agreement, duly executed by each Loan Party, together with the original stock certificates representing all of the common stock of such Loan

Party's subsidiaries required to be pledged thereunder and all intercompany promissory notes of such Loan Parties required to be pledged thereunder, accompanied by undated stock powers executed in blank and other proper instruments of transfer;

(vii) results of Lien searches, listing all effective financing statements which name as debtor any Loan Party and which are filed in the offices referred to in the Perfection Certificate, together with copies of such financing statements, none of which, except as otherwise agreed in writing by the Collateral Agent and Permitted Liens, shall cover any of the Collateral and the results of searches for any tax Lien and judgment Lien filed against such Person or its property, which results, except as otherwise agreed to in writing by the Collateral Agent and Permitted Liens, shall not show any such Liens;

(viii) a copy of the resolutions of each Loan Party, certified as of the Effective Date by an Authorized Officer thereof, authorizing (A) the borrowings hereunder and the transactions contemplated by the Loan Documents to which such Loan Party is or will be a party, and (B) the execution, delivery and performance by such Loan Party of each Loan Document to which such Loan Party is or will be a party and the execution and delivery of the other documents to be delivered by such Person in connection herewith and therewith;

(ix) a certificate of an Authorized Officer of each Loan Party, certifying the names and true signatures of the representatives of such Loan Party authorized to sign each Loan Document to which such Loan Party is or will be a party and the other documents to be executed and delivered by such Loan Party in connection herewith and therewith, together with evidence of the incumbency of such authorized officers;

(x) a certificate of the appropriate official(s) of the jurisdiction of organization of each Loan Party certifying as of a recent date not more than 30 days prior to the Effective Date as to the good standing of such Loan Party, in such jurisdiction, except, in each case, where the failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect of the Loan Parties, taken as a whole;

(xi) a true and complete copy of the charter, certificate of formation, certificate of limited partnership or other publicly filed organizational document of each Loan Party certified as of a recent date not more than 30 days prior to the Effective Date by an appropriate official of the jurisdiction of organization of such Loan Party which shall set forth the same complete name of such Loan Party as is set forth herein and the organizational number of such Loan Party, if an organizational number is issued in such jurisdiction;

(xii) a copy of the Governing Documents of each Loan Party, together with all amendments thereto, certified as of the Effective Date by an Authorized Officer of such Loan Party;

(xiii) an opinion of (A) Davis Polk & Wardwell LLP, special New York counsel to the Loan Parties, (B) Roetzel & Andress, local counsel with respect to the Loan Parties organized in Ohio, and (C) Morris, Nichols, Arsht & Tunnell LLP, local counsel with respect to the Loan Parties organized in Delaware, in each case, as to such customary matters as the Collateral Agent may reasonably request;

(xiv) a certificate of an Authorized Officer of each Loan Party, certifying as to the matters set forth in subsection(b), (e) and (g) of this Section 5.01;

(xv) a copy of the Financial Statements;

(xvi) a certificate of the chief financial officer of the Administrative Borrower, certifying on behalf of the Loan Parties, as to the solvency of the Loan Parties (on a consolidated basis), which certificate shall be reasonably satisfactory in form and substance to the Collateral Agent; and

(xvii) evidence of the insurance coverage required by Section 7.01(h) and the terms of each Security Agreement and such other insurance coverage with respect to the business and operations of the Loan Parties as the Agents may reasonably request, in each case, where requested by the Agents, together with evidence of the payment of all premiums due in respect thereof for such period as the Agents may reasonably request.

(xviii) concurrently with the making of the initial Loans, evidence of the payment in full of all Indebtedness under the Existing Credit Facility, together with (A) a termination and release agreement with respect to the Existing Credit Facility and all related documents, duly executed by the Loan Parties, the Existing Agent and the Existing Lenders, (B) a satisfaction of mortgage for each mortgage filed by the Existing Agent and/or the Existing Lenders on each applicable Facility, (C) a termination of security interest in intellectual property for each assignment for security recorded by the Existing Agent and/or the Existing Lenders at the United States Patent and Trademark Office or the United States Copyright Office and covering any intellectual property of the Loan Parties, that constitutes Collateral and (D) UCC-3 termination statements for all UCC-1 financing statements authorized to be filed by the Existing Agent and the Existing Lenders and covering any portion of the Collateral;

(e) Availability. After giving effect to the Transactions, Availability of the Loan Parties shall not be less than $10,000,000.

(f) Consummation of the Permitted Holder Contribution. The Agents shall have received reasonably satisfactory evidence that Parent has received the proceeds of a direct or indirect cash equity investment by certain of the Permitted Holders in an amount equal to no less than $12,500,000 (the "Permitted Holder Contribution"). On or prior to the Effective Date, there shall have been delivered to the Collateral Agent true and correct copies of all documents evidencing the contribution described above (the "Permitted Holder Contribution Documents"), as in effect on the Effective Date, and all material terms and provisions of such documents as in effect on the Effective Date shall be in form and substance reasonably satisfactory to the Agents.

(g) Leverage Ratio. After giving effect to the Transactions, the aggregate outstanding amount of the Loans shall be no greater than the lesser of (i) 3.45x Consolidated EBITDA (calculated for the trailing four quarter period ended December 31, 2019) and (ii) $185,000,000.

Section 5.02 Conditions Precedent to All Loans . The obligation of any Agent or any Lender to make any Loan after the Effective Date is subject to the fulfillment of each of the following conditions precedent:

(a) Payment of Fees, Etc. The Borrowers shall have paid all fees, costs, expenses and taxes then payable by the Borrowers pursuant to this Agreement and the other Loan Documents, including, without limitation, Section 2.06 and Section 12.04 hereof.

(b) Representations and Warranties; No Event of Default. The following statements shall be true and correct, and the submission by the Administrative Borrower to the Administrative Agent of a Notice of Borrowing with respect to each such Loan, and the Borrowers' acceptance of the proceeds of such Loan, shall each be deemed to be a representation and warranty by each Loan Party on the date of such Loan: (i) the representations and warranties contained in ARTICLE VI and in each other Loan Document, certificate or other writing delivered to any Agent or any Lender pursuant hereto or thereto on or prior to the date of such Loan are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such date as though made on and as of such date, except to the extent that any such representation or warranty expressly relates solely to an earlier date in which case such representation or warranty shall be true and correct on and as of such earlier date in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date, (ii) at the time of and after giving effect to the making of such Loan and the application of the proceeds thereof, no Default or Event of Default has occurred and is continuing or would result from the making of the Loan to be made on such date and (iii) the conditions set forth in this Section 5.02 have been satisfied as of the date of such request.

(c) Legality. The making of such Loan shall not contravene any law, rule or regulation applicable to any Agent or any Lender.

(d) Notices. The Administrative Agent shall have received a Notice of Borrowing pursuant to Section 2.02.

(e) Additional Conditions for Delayed Draw Term Loans. With respect to a request for Delayed Draw Term Loans after the Effective Date, (i) the General Atlantic Investment shall have been consummated, (ii) immediately before and after giving effect to the making of any Delayed Draw Term Loan, the Parent and its Subsidiaries shall be in compliance on a pro forma basis with the financial covenants set forth in Section 7.03 (without giving effect to any exercised Cure Right with respect thereto for the applicable trailing four fiscal quarter period), recomputed for the most recent fiscal quarter for which financial statements have been delivered and (iii) the Borrowers shall have delivered a certificate from an Authorized Officer certifying as to clauses 5.02(b) and 5.02(e)(i) and (ii) to the Administrative Agent, together with all calculations related thereto.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

Section 6.01 Representations and Warranties. Each Loan Party hereby represents and warrants to the Agents and the Lenders, so long as any principal of or interest on any Loan or any other Obligation (whether or not due, but excluding unasserted contingent indemnification Obligations) shall remain unpaid or any Lender shall have any Commitment hereunder as follows:

(a) Organization, Good Standing, Etc. Each Loan Party (i) is a corporation, limited liability company or limited partnership duly formed or organized, as applicable, validly existing and in good standing (to the extent applicable) under the laws of the state or jurisdiction of its formation or organization, as applicable, (ii) has all requisite power and authority to conduct its business as now conducted and as presently contemplated and, in the case of the Borrowers, to make the borrowings hereunder, and to execute and deliver each Loan Document to which it is a party, and to consummate the Transactions contemplated thereby, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary except, with respect to this clause (iii), where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect.

(b) Authorization, Etc. The execution, delivery and performance by each Loan Party of each Loan Document to which it is or will be a party, (i) have been duly authorized by all necessary action, (ii) do not and will not contravene (A) any of its Governing Documents, (B) any applicable Requirement of Law or (C) any Contractual Obligation binding on or otherwise affecting it or any of its properties, (iii) do not and will not result in or require the creation of any Lien (other than pursuant to any Loan Document) upon or with respect to any of its properties other than any such Lien that constitutes a Permitted Lien, and (iv) do not and will not result in any default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to its operations or any of its properties except, in the case of clauses (ii)(B), (ii)(C) and (iv), as could not reasonably be expected to have a Material Adverse Effect.

(c) Governmental and Shareholder Approvals. No authorization or approval or other action by, and no notice to or filing with any Governmental Authority is required in connection with the due execution, delivery and performance by any Loan Party of any Loan Document to which it will be party or the consummation of the Transactions contemplated by the Loan Documents, except for (x) those which have been provided or obtained on or prior to the Effective Date, (y) filings relating to the granting of Liens to, or the enforcement of rights by, the Lenders and Agents and (z) those notices of filings with any Governmental Authority, which if not obtained or made would not, individually or in the aggregate, reasonably be expected to be material and adverse to the Loan Parties, taken as a whole.

(d) Enforceability of Loan Documents. This Agreement is, and each other Loan Document to which any Loan Party is or will be a party, when delivered hereunder, will be, a legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity.

(e) Capitalization; Subsidiaries. Schedule 6.01(e) is a complete and correct description, as of the Effective Date, of the name, jurisdiction of organization and ownership of the outstanding Equity Interests of the Parent and each Subsidiary of the Parent in existence as of the Effective Date. All of the issued and outstanding shares of Equity Interests of the Parent and its Subsidiaries have been validly issued and are fully paid and nonassessable. Except as indicated on such schedule, as of the Effective Date, all such Equity Interests of each Subsidiary of the Parent are owned by the Parent or one or more of its wholly-owned Subsidiaries, free and clear of all Liens other than Liens in favor of the Collateral Agent and Permitted Liens. Except as set forth on Schedule 6.01(e), as of the Effective Date, there are no outstanding debt or equity securities of the Parent or any of its Subsidiaries and no outstanding obligations of the Parent or any of its Subsidiaries convertible into or exchangeable for, or warrants, options or other rights (other than stock options granted to employees or directors and director's qualifying shares or similar nominal share to the extent required under applicable legal requirements) for the purchase or acquisition from the Parent or any of its Subsidiaries, or other obligations of any Subsidiary to issue, directly or indirectly, any shares of Equity Interests of any Subsidiary of the Parent.

(f) Litigation; Commercial Tort Claims. Except as set forth on Schedule 6.01(f), (i) there is no pending or, to the knowledge of any Loan Party, threatened (in writing) action, suit or proceeding affecting any Loan Party or any of its properties before any court or other Governmental Authority or any arbitrator that (A) could reasonably be expected to result in an adverse determination, and if so adversely determined, could reasonably be expected to have a Material Adverse Effect or (B) seeks to enjoin any transaction contemplated hereby or by any Loan Document and (ii) as of the Effective Date, none of the Loan Parties holds any commercial tort claims in respect of which a claim in excess of $500,000 has been filed in a court of law or a written notice by an attorney has been given to a potential defendant.

(g) Financial Condition. The Financial Statements, copies of which have been delivered to each Agent, present fairly, in all material respects, the consolidated financial position, results of operations and cash flows of Parent and its Subsidiaries for the respective periods or as of the respective dates set forth therein in accordance with GAAP, applied on a consistent basis during the periods presented, except as otherwise noted therein (subject, in the case of the unaudited consolidated balance sheet and the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows, to normal, recurring year- end adjustments and the absence of footnotes). Since December 31, 2018, no event or development has occurred that has had or could reasonably be expected to have a Material Adverse Effect.

(h) Compliance with Law, Etc. No Loan Party or any of its Subsidiaries (excluding Immaterial Subsidiaries) is in violation of (i) any of its Governing Documents or (ii) any domestic or, to the best of its knowledge, any foreign Requirement of Law to the extent that any such violation could reasonably be expected to result in a Material Adverse Effect, and, as of the Effective Date, no material default or event of default has occurred and is continuing thereunder.

(i) ERISA. Except as set forth on Schedule 6.01(i) and except as could not reasonably be expected to have a Material Adverse Effect, (i) each Employee Plan is in substantial compliance with ERISA and the Internal Revenue Code, (ii) no Termination Event has occurred or, to the knowledge of the Loan Parties, is reasonably expected to occur with respect to any Employee Plan and (iii) the most recent annual report (Form 5500 Series) with respect to each Employee Plan, including any required Schedule B (Actuarial Information) thereto, copies of which have been filed with the Internal Revenue Service and delivered to the Agents, is complete and correct in all material respects and fairly presents the funding status of such Employee Plan, and since the date of such report there has been no material adverse change in such funding status. No Employee Plan had an accumulated or waived funding deficiency in excess of $500,000. No Lien imposed under the Internal Revenue Code or ERISA exists or, to the knowledge of the Loan Parties, is likely to arise on account of any Employee Plan within the meaning of Section 412 of the Internal Revenue Code. Except as set forth on Schedule 6.01(i) and except as could not reasonably be expected to result in a Material Adverse Effect, no Loan Party or any of its ERISA Affiliates has incurred any withdrawal liability under ERISA with respect to any Multiemployer Plan, or is aware of any facts indicating that it or any of its ERISA Affiliates may in the future incur any such withdrawal liability. No Loan Party has engaged in a nonexempt prohibited transaction described in Sections 406 of ERISA or 4975 of the Internal Revenue Code. No Loan Party or any ERISA Affiliate has (i) failed to pay any required installment or other payment required under Section 412 of the Internal Revenue Code on or before the due date for such required installment or payment, (ii) engaged in a transaction within the meaning of Section 4069 of ERISA or (iii) incurred any liability to the PBGC that remains outstanding other than the payment of premiums, and there are no premium payments that have become due that are unpaid. Except as could not reasonably be expected to have a Material Adverse Effect, there are no pending or, to the best knowledge of any Loan Party, threatened claims, actions, proceedings or lawsuits (other than claims for benefits in the normal course) asserted or instituted against (i) any Employee Plan or its assets or (ii) any Loan Party with respect to any Employee Plan. Except as required by Section 4980B of the Internal Revenue Code, no Loan Party maintains an employee welfare benefit plan (as defined in Section 3(1) of ERISA) that provides health or welfare benefits (through the purchase of insurance or otherwise) for any retired or former employee of any Loan Party or coverage after a participant's termination of employment, except any such plans for which the Loan Parties do not incur any material costs or expenses.

(j) Taxes, Etc. All Federal and material state and local income and other material tax returns and other reports required by applicable Requirements of Law to be filed by any Loan Party have been filed, or extensions have been obtained, and all material taxes, assessments and other governmental charges imposed upon any Loan Party or any property of any Loan Party in an aggregate amount for all such taxes, assessments and other governmental charges exceeding $250,000 and which have become due and payable on or prior to the date hereof have been paid, except to the extent contested in good faith by proper proceedings which stay the imposition of any penalty, fine or Lien resulting from the non-payment thereof and with respect to which adequate reserves have been set aside for the payment thereof on the Financial Statements in accordance with GAAP.

(k) Regulations T, U and X. No Loan Party is or will be engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation T, U or X), and no proceeds of any Loan will be used to purchase or carry

any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock or for any purpose that violates, or is inconsistent with, the applicable requirements of Regulation T, U and X.

(l) Nature of Business. No Loan Party is engaged in any business other than as set forth onSchedule 6.01(l).

(m) Adverse Agreements, Etc. No Loan Party or any of its Subsidiaries is a party to any Contractual Obligation or subject to any restriction or limitation in any Governing Document or any judgment, order, regulation, ruling or other requirement of a court or other Governmental Authority, which has, or in the future could reasonably be expected to have, a Material Adverse Effect.

(n) Permits, Etc. Each Loan Party has, and is in compliance with all permits, licenses, authorizations, approvals, entitlements and accreditations required for such Person lawfully to own, lease, manage or operate, or to acquire, each business currently owned, leased, managed or operated, or to be acquired, by such Person, except as could not reasonably be expected to have a Material Adverse Effect. No condition exists or event has occurred which, in itself or with the giving of notice or lapse of time or both, would result in the suspension, revocation, impairment, forfeiture or non-renewal of any such permit, license, authorization, approval, entitlement or accreditation, and there is no claim that any thereof is not in full force and effect, except as could not reasonably be expected to have a Material Adverse Effect.

(o) Properties. (i) Each Loan Party has good and marketable title to, valid leasehold interests in (other than the Leases), or valid licenses to use, all tangible property and assets material to its business, free and clear of all Liens, except Permitted Liens and, solely as to leasehold interests (other than the Leases), except to the extent the failure to have such valid leasehold interests could not reasonably be expected to have a Material Adverse Effect. All such properties and assets are in good working order and condition, ordinary wear and tear and casualty (to the extent fully covered by insurance subject to a deductible) and condemnation excepted.

(ii) Schedule 6.01(o) sets forth a complete and accurate list, as of the Effective Date, of the location, by state and street address, of all real property owned or leased by each Loan Party and identifies the interest (fee or leasehold) of such Loan Party therein and whether such real property is a "Facility". As of the Effective Date, each Loan Party has valid leasehold interests in the Leases described on Schedule 6.01(o) to which it is a party, except to the extent the failure to have such valid leasehold interests could not reasonably be expected to have a Material Adverse Effect. Each such Lease is (x) valid and enforceable in accordance with its terms in all material respects and is in full force and effect (except to the extent such Lease has terminated in accordance with its terms), except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and (y) no consent or approval of any landlord or other third party in connection with any such Lease is necessary for any Loan Party to enter into and execute the Loan Documents to which it is a party, except as set forth on Schedule 6.01(o). To the knowledge of any Loan Party, as of the Effective Date, no Loan Party has at any time delivered or received any notice of material default which remains uncured under any such Lease and, as of the Effective Date, no event has occurred which, with the giving of notice or the passage of time or both, would constitute a material default under any such Lease, except to the extent such event could not reasonably be expected to result in a Material Adverse Effect.

(p) Full Disclosure. Each Loan Party has disclosed to the Agents all agreements, instruments and corporate or other restrictions to which it is subject, and all other matters known to it, that could reasonably be expected to result in a Material Adverse Effect. None of the other reports, financial statements, certificates or other written information (other than Projections) furnished by or on behalf of any Loan Party to the Agents in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished), as of the date prepared, contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which it was made, not materially misleading. The Projections have been prepared on a reasonable basis and in good faith based on assumptions, estimates, methods and tests believed by the Loan Parties to be reasonable at the time such Projections were prepared and information believed by the Loan Parties to have been accurate based upon the information available to the Loan Parties at the time such Projections was furnished to the Lenders, and the Loan Parties are not aware of any facts or information that would lead them to believe that such Projections were incorrect or misleading in any material respect as of the Effective Date; it being understood that (1) projections are by their nature subject to significant uncertainties and contingencies, many of which are beyond the Loan Parties' control, (2) actual results may differ materially from the projections and such variations may be material and (3) the projections are not a guarantee of performance.

(q) Franchise Agreements.

(i) Schedule 6.01(q) sets forth, as of December 31, 2019, (A) a complete and accurate list of all material Franchise Agreements currently in effect, (B) a complete and accurate list of each of the Loan Parties' (or their predecessor franchisor's) standard forms of Franchise Agreements currently in effect for the 6 months prior to the Effective Date, including the year or years during which the applicable Loan Party (or its predecessor) used such form of Franchise Agreement, and (C) a list of all material Franchisees of the Parent or its Subsidiaries currently operating under a Franchise Agreement, together with telephone numbers and addresses.

(ii) As of the Effective Date, except as set forth on Schedule 6.01(q), each material Franchise Agreement is in full force and effect and constitutes a valid and binding obligation of the applicable Loan Party and, to the knowledge of such Loan Party, the other party thereto, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws. No Loan Party is in material breach or default thereunder, and, to the knowledge of the Loan Parties, no event has occurred and no condition or state of facts exists which, with the passage of time or the giving of notice or both, would constitute such a default or breach by the applicable Loan Party thereunder. Except as set forth on Schedule 6.01(q), there is no material term, obligation, understanding or agreement that would modify any material term of a material Franchise Agreement or any right or obligation of a party thereunder which is not reflected on the face of such material Franchise Agreement (including without limitation any offers or promises with respect to any future or contingent subsidies, rebates, discounts, advances or allowances to or for the benefit of any or all Franchisees).

(iii) As of the Effective Date, the Loan Parties' franchise disclosure documents and/or Franchise Disclosure Documents previously in effect and, to the extent applicable, currently in effect, if any: (A) materially comply and have materially complied with all applicable United States Federal Trade Commission ("FTC") franchise disclosure rules and state franchise and business opportunity sales laws in effect at such time; (B) have been timely amended to reflect any material changes or developments in the Loan Parties' franchise system, agreements, operations, financial condition, litigation matters, or other matters requiring disclosure under any applicable law; and (C) include all material documents (including audited financial statements for the applicable Person) required by any applicable law to be provided to prospective franchisees. After the Effective Date, all of the Franchises granted under the Franchise Agreements entered into after the Effective Date have been sold in material compliance with applicable law, including franchise disclosure and registration requirements. Each of the Loan Parties and their Subsidiaries are and have been in material compliance with all applicable laws relating to franchise matters.

(iv) A list of each of the Loan Parties' material Franchise Disclosure Documents for its currently offered form or forms of Franchise Agreement is set forth on Schedule 6.01(q). The Loan Parties have provided the Collateral Agent with true and complete copies of each material Franchise Disclosure Document for its currently offered form or forms of Franchise Agreement set forth on Schedule 6.01(q). As of the Effective Date, except as set forth on Schedule 6.01(q), the Loan Parties have not received any currently effective written notice of any threatened administrative, criminal or civil action against it or any persons disclosed in any of the Loan Parties' applicable Franchise Disclosure Document for its Franchise Agreements, where such threatened administrative, criminal and/or civil action alleges a violation of a franchise law, antitrust law, securities law, fraud, unfair or deceptive practices, or comparable allegations, as well as actions other than ordinary routine litigation incidental to the Loan Parties' business that are material in the context of the number of Loan Parties' Franchisees and the size, nature, or financial condition of the franchise system or the Loan Parties' business operations.

(v) As of the Effective Date, except as set forth on Schedule 6.01(q), each Loan Party has maintained an accurate accounting in all material respects with respect to any advertising funds required to be paid by any Franchisee or an advertising fund for use in connection with national or regional advertising for which it maintains accounts. All collections with respect to such advertising funds and advertising cooperatives have been collected in material accordance with the terms and conditions of each Franchise Agreement, except to the extent where the failure to do so could not reasonably be expected to result in a Material Adverse Effect. The Loan Parties have properly accounted for all payments made by each Franchisee with respect to any advertising fund or advertising cooperative, except to the extent where the failure to do so could not reasonably be expected to result in a Material Adverse Effect. No Loan Party is aware of any allegations that any of the expenditures from any advertising fund or advertising cooperative have been improperly collected, accounted for, maintained, used or applied that could reasonably be expected to result in a Material Adverse Effect.

(r) Environmental Matters. Except as set forth on Schedule 6.01(r), (i) the operations of each Loan Party are in compliance with all Environmental Laws in all material respects; (ii) there has been no Release at any of the properties owned or operated by any Loan Party or a predecessor in interest, or, to the knowledge of the Loan Parties, at any disposal or

treatment facility which received Hazardous Materials generated by any Loan Party or any predecessor in interest which in either case could reasonably be expected to have a Material Adverse Effect; (iii) no Environmental Action has been asserted against any Loan Party or any predecessor in interest nor does any Loan Party have knowledge or notice of any threatened or pending Environmental Action against any Loan Party or any predecessor in interest which in either case could reasonably be expected to have a Material Adverse Effect; (iv) to the knowledge of the Loan Parties, no Environmental Actions have been asserted against any facilities that may have received Hazardous Materials generated by any Loan Party or any predecessor in interest which could reasonably be expected to have a Material Adverse Effect; (vi) no Loan Party has failed to report to the proper Governmental Authority any Release which is required to be so reported by any Environmental Laws which could reasonably be expected to have a Material Adverse Effect; (vii) each Loan Party holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of the business carried on by it, except for such licenses, permits and approvals as to which a Loan Party's failure to maintain or comply with could not reasonably be expected to have a Material Adverse Effect; and (viii) no Loan Party has received any notification from any Governmental Authority pursuant to any Environmental Laws that (A) any work, repairs, construction or Capital Expenditures are required to be made in respect as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto or (B) any license, permit or approval referred to above is about to be reviewed, made subject to limitations or conditions, revoked, withdrawn or terminated, in each case, except as could not reasonably be expected to have a Material Adverse Effect.

(s) Insurance. Each Loan Party keeps its property adequately insured and maintains (i) insurance to such extent and against such risks, including fire, as is customary with companies in the same or similar businesses, (ii) workmen's compensation insurance in the amount required by applicable law, (iii) public liability insurance in the amount customary with companies in the same or similar business against claims for personal injury or death on properties owned, occupied or controlled by it, and (iv) such other insurance as may be required by law. Schedule 6.01(s) sets forth a list of all insurance maintained by each Loan Party on the Effective Date.

(t) Use of Proceeds. The proceeds of the Loans shall be used to (i) pay in full the Existing Credit Facility, (ii) redeem certain existing shareholders and pay out certain minority shareholders of the Parent and its Subsidiaries, (iii) close down non-core assets, (iv) pay fees and expenses in connection with the Transactions contemplated hereby and the Loan Documents and (v) fund working capital or other corporate purposes of the Loan Parties and their Subsidiaries, except as prohibited hereunder.

(u) Solvency. After giving effect to the transactions contemplated by this Agreement and before and after giving effect to each Loan, the Loan Parties on a consolidated basis are Solvent on the Effective Date and, to the actual knowledge of any Authorized Officer (without duty to investigate beyond known facts), upon the making of any Loan after the Effective Date.

(v) Location of Bank Accounts. Schedule 6.01(v) sets forth a complete and accurate list as of the Effective Date of all deposit, checking and other bank accounts, all securities and other accounts maintained with any broker dealer and all other similar accounts

maintained by each Loan Party, together with a description thereof (i.e., the bank or broker dealer at which such deposit or other account is maintained and the account number and the purpose thereof).

(w) Intellectual Property. Except as set forth on Schedule 6.01(w), each Loan Party owns or licenses or otherwise has the right to use the following material intellectual property: inventions, patents, patent applications, registered and unregistered trademarks, service marks and trade names, registered and unregistered copyrights, including software and other works of authorship, and other intellectual property rights that are necessary for and material to the conduct of its business as currently conducted. Set forth on Schedule 6.01(w) is a list as of the Effective Date of all material issued United States patents, United States patent applications, registered United States trademarks or service marks, United States trademark or service mark applications, registered United States trade names and United States copyright registrations of each Loan Party that constitute Collateral. To the knowledge of any Loan Party, no Loan Party infringes upon or violates any intellectual property rights owned by any other Person except if such Loan Party could not, as a result of such infringement or violation, reasonably be expected to suffer a Material Adverse Effect, and no claim or litigation is pending or, to the knowledge of any Loan Party, threatened in writing concerning any claim or allegation that a Loan Party has infringed upon or violated any intellectual property rights owned by any other Person, except for such claims and proceedings, which could not reasonably be expected to have a Material Adverse Effect.

(x) Material Contracts. Set forth on Schedule 6.01(x) is a complete and accurate list as of the Effective Date of all Material Contracts of each Loan Party, showing the parties and subject matter thereof and amendments and modifications thereto. Each such Material Contract (i) is in full force and effect and is binding upon and enforceable against each Loan Party that is a party thereto and (ii) is not in default due to the action of any Loan Party or, to the knowledge of any Loan Party, any other party thereto, except to the extent that any such default could not reasonably be expected to result in a Material Adverse Effect.

(y) Investment Company Act. None of the Loan Parties is required to be registered as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(z) Employee and Labor Matters. There is (i) no unfair labor practice complaint pending or, to the knowledge of any Loan Party, threatened (in writing) against any Loan Party before any Governmental Authority and no grievance or arbitration proceeding pending or threatened (in writing) against any Loan Party that arises out of or under any collective bargaining agreement, in each case that could reasonably be expected to result in a Material Adverse Effect or (ii) no strike, labor dispute, slowdown, stoppage or similar action or grievance pending or, to the knowledge of any Loan Party, threatened (in writing) against any Loan Party that could reasonably be expected to result in a Material Adverse Effect. No Loan Party has incurred any liability or obligation under the Worker Adjustment and Retraining Notification Act ("WARN") or similar state law that remains unpaid or unsatisfied. The hours worked and payments made to employees of any Loan Party have not been in violation of the Fair Labor Standards Act or any other applicable legal requirements, except to the extent that such violations could not reasonably be expected to result in a Material Adverse Effect. All material payments due from any Loan Party on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of such Loan Party, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(aa) Customers and Suppliers. There exists no actual or, to the knowledge of any Loan Party, threatened (in writing) termination, cancellation or limitation of, or modification to or change in, the business relationship between (i) any Loan Party, on the one hand, and any customer or any group thereof, on the other hand, or (ii) any Loan Party, on the one hand, and any supplier or any group thereof, on the other hand, in either case with respect to clauses (i) and (ii), which could reasonably be expected to have a Material Adverse Effect.

(bb) [Intentionally Omitted].

(cc) [Intentionally Omitted].

(dd) Name; Jurisdiction of Organization; Organizational ID Number; Chief Place of Business; Chief Executive Office; FEIN. Schedule 6.01(dd) sets forth a complete and accurate list as of the Effective Date of (i) the exact legal name of each Loan Party, (ii) the jurisdiction of organization of each Loan Party, (iii) the organizational identification number of each Loan Party (or indicates that such Loan Party has no organizational identification number), (iv) each material place of business of each Loan Party, (v) the chief executive office of each Loan Party and (vi) the federal employer identification number of each Loan Party.

(ee) Locations of Collateral. There is no location at which any Loan Party has any Collateral (except for Inventory in transit, assets at any location having a value not exceeding $500,000 in the aggregate, equipment out for repair or in use by employees in the ordinary course of business consistent with past practice and Collateral in the possession of the Collateral Agent) other than (i) those locations listed on Schedule 6.01(ee) and (ii) any other locations in the United States for which such Loan Party has provided notice to the Agents in accordance with Section 7.01(l) and, if necessary, use commercially reasonable efforts to obtain a written subordination or waiver or collateral access agreement in accordance with and to the extent required by Section 7.01(m).

(ff) Security Interests. Each Security Agreement creates in favor of the Collateral Agent, for the benefit of the Agents and the Lenders, a legal, valid and enforceable (subject to bankruptcy and creditors' rights generally) security interest in the Collateral secured thereby. Upon the filing of the UCC-1 financing statements described in Section 5.01(d) and the recording of the Collateral Assignments for Security referred to in each Security Agreement in the United States Patent and Trademark Office and the United States Copyright Office, as applicable, such security interests in and Liens on the Collateral granted thereby which may be perfected by such filing shall be perfected, first priority security interests (subject to Permitted Liens), to the extent that such security interest can be perfected by such filings and recordings, and no further recordings or filings are or will be required in connection with the creation, perfection or enforcement of such security interests and Liens, other than (i) the filing of continuation statements in accordance with applicable law and (ii) the recording of the Collateral Assignments for Security pursuant to each Security Agreement in the United States Patent and Trademark Office and the United States Copyright Office, as applicable, with respect to after-acquired U.S. patent and trademark applications and registrations and U.S. copyright registrations.

(gg) [Intentionally Omitted].

(hh) [Intentionally Omitted].

(ii) Anti-Money Laundering and Anti-Terrorism Laws.

(i) The Loan Parties and Subsidiaries, and to the best knowledge of any Loan Party, any controlled Affiliates of any of the Loan Parties, are and for the past six years have been in compliance in all material respects with Anti-Money Laundering and Anti-Terrorism Laws.

(ii) None of the Loan Parties, nor any Subsidiary, nor, to the best knowledge of any Loan Party, any controlled Affiliate of any of the Loan Parties, nor any officer or director of any of the Loan Parties, nor any of the Loan Parties' respective agents acting or benefiting in any capacity in connection with the Loans or other transactions hereunder, is a Sanctioned Person.

(jj) Anti-Bribery and Anti-Corruption Laws.

(i) The Loan Parties and Subsidiaries, and to the best knowledge of any Loan Party, any controlled Affiliates of any of the Loan Parties, are and for the past five years have been in compliance in all material respects with the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), and the anti-bribery and anti-corruption laws of those jurisdictions in which they do business (collectively, the "Anti-Corruption Laws").

(ii) To the best knowledge of any Loan Party, except to the extent otherwise disclosed in writing to the Agents prior to the Effective Date, there are, and in the past five years have been, no allegations, pending or open investigations or pending inquiries, in each case of a Governmental Authority with regard to a potential violation of any Anti-Corruption Law by any of the Loan Parties or any of their respective current or former directors, officers, employees, principal shareholders or owners, or agents.

ARTICLE VII

COVENANTS OF THE LOAN PARTIES

Section 7.01 Affirmative Covenants. So long as any principal of or interest on any Loan or any other Obligation (whether or not due, but excluding unasserted contingent indemnification Obligations) shall remain unpaid or any Lender shall have any Commitment hereunder, each Loan Party will, unless the Required Lenders shall otherwise consent in writing:

(a) Reporting Requirements. Furnish to each Agent, who shall then furnish such information to each Lender:

(i) as soon as available, and in any event within forty-five (45) days after the end of each fiscal quarter of the Parent and its Subsidiaries, commencing with the first fiscal quarter of the Parent and its Subsidiaries ending after the Effective Date, internally prepared consolidated and consolidating balance sheets, consolidated and consolidating statements

of operations and retained earnings and consolidated and consolidating statements of cash flows as at the end of such fiscal quarter in each case in the form prepared by the Administrative Borrower as of the Effective Date, or otherwise in form reasonably satisfactory to the Agents, and for the period commencing at the end of the immediately preceding Fiscal Year and ending with the end of such fiscal quarter, all in reasonable detail and certified by an Authorized Officer of the Parent as fairly presenting, in all material respects, the financial position of the Parent and its Subsidiaries on a consolidated basis as at the end of such fiscal quarter and the results of operations, retained earnings and cash flows of the Parent and its Subsidiaries for such fiscal quarter, in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements furnished to the Agents and the Lenders, subject to the absence of footnotes and normal year-end adjustments;

(ii) as soon as available, and in any event within one hundred and twenty (120) days after the end of each Fiscal Year of the Parent and its Subsidiaries, consolidated and consolidating balance sheets, consolidated and consolidating statements of operations and retained earnings and consolidated and consolidating statements of cash flows of the Parent and its Subsidiaries as at the end of such Fiscal Year, setting forth in each case in comparative form the figures for the corresponding date or period set forth in the financial statements for the immediately preceding Fiscal Year, all in reasonable detail and prepared in accordance with GAAP, and accompanied by a report and an opinion, prepared in accordance with generally accepted auditing standards, of independent certified public accountants of recognized standing selected by the Parent and reasonably satisfactory to the Agents (which opinion shall be without (A) any qualification, exception or explanatory paragraph expressing substantial doubt about the ability of the Parent or any of its Subsidiaries to continue as a going concern, (B) any qualification or exception (other than as a result of (x) the maturity date of any Indebtedness occurring within 12 months of the date of such audit and (y) any anticipated breach of any financial covenant contained in this Agreement) as to the scope of such audit, or (C) any qualification which relates to the treatment or classification of any item and which, as a condition to the removal of such qualification, would require an adjustment to such item, the effect of which would be to cause any noncompliance with the provisions of Section 7.03);

(iii) as soon as available, and in any event within thirty (30) days after the end of each calendar month of the Parent and its Subsidiaries, commencing with the first calendar month of the Parent and its Subsidiaries ending after the Effective Date, internally prepared consolidated and consolidating balance sheets, consolidated and consolidating statements of operations and retained earnings and consolidated and consolidating statements of cash flows as at the end of such fiscal month for the Parent and its Subsidiaries in each case in the form prepared by the Borrower as of the Effective Date, or otherwise in form reasonably satisfactory to the Agents, and for the period commencing at the end of the immediately preceding Fiscal Year and ending with the end of such fiscal month, all in reasonable detail and certified by an Authorized Officer of the Parent as fairly presenting, in all material respects, the financial position of the Parent and its Subsidiaries as at the end of such fiscal month and the results of operations, retained earnings and cash flows of the Parent and its Subsidiaries for such fiscal month, in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements furnished to the Agents and the Lenders, subject to the absence of footnotes and normal year-end adjustments;

(iv) simultaneously with the delivery of the financial statements of the Parent and its Subsidiaries required by clauses (i) and (ii) of this Section 7.01(a), a certificate of an Authorized Officer of the Parent (a "Compliance Certificate") in substantially the form attached hereto as Exhibit E, (A) stating that such Authorized Officer has reviewed the provisions of this Agreement and the other Loan Documents and has made or caused to be made under his or her supervision a review of the condition and operations of the Parent and its Subsidiaries during the period covered by such financial statements with a view to determining whether the Parent and its Subsidiaries were in compliance with all of the provisions of this Agreement and such Loan Documents at the times such compliance is required hereby and thereby, and that such review has not disclosed, and such Authorized Officer has no knowledge of, the occurrence and continuance during such period of an Event of Default or Default or, if an Event of Default or Default had occurred and continued or is continuing, describing the nature and period of existence thereof and the action which the Parent and/or its Subsidiaries propose to take or have taken with respect thereto; and (B) attaching a schedule showing the calculation of the financial covenant specified in Section 7.03 for the applicable period;

(v) as soon as available and in any event concurrently with the delivery of the financial statements required by Section 7.01(a)(iii), sales reports, in form and detail substantially in the form attached hereto as Exhibit F, setting forth (A) the amount of same store sales per Franchised Location for such monthly period, (B) the number of Franchised Locations opened and Franchise Agreements executed for such monthly period, (C) the aggregate Franchise Collections of the Parent and its Subsidiaries for such monthly period (showing on separate lines each major category of such Franchise Collections) and (D) delinquent Franchise Collections in excess of 5% of all Franchise Collections (individually) more than 90 days past due;

~~(vi) [Intentionally Omitted];~~

(vi) as soon as available and in any event within 5 Business Days after the end of each calendar week commencing with the first calendar week ending after the First Amendment Effective Date, reports in form and detail reasonably satisfactory to the Collateral Agent and certified by an Authorized Officer of the Parent as being accurate and complete setting forth the projected cash collections and disbursements of the Loan Parties (i.e., a cash flow report) for the immediately-succeeding 13-week period (prepared on a weekly basis), together with a reconciliation of the actual cash flows of the Loan Parties, in each case, for the immediately preceding calendar week, which cash flow report shall be (x) believed by the Loan Parties at the time furnished to be reasonable, (y) prepared on a reasonable basis and in good faith, and (z) based on assumptions believed by the Loan Parties to be reasonable at the time made and upon the information then available to the Loan Parties (it being understood that (1) projections are by their nature subject to significant uncertainties and contingencies, many of which are beyond the Loan Parties' control, (2) actual results may differ from the projections and such variations may be material and (3) the projections are not a guarantee of performance);

(vii) as soon as available and in any event not later than 30 days after the end of each Fiscal Year, a certificate of an Authorized Officer of the Parent (A) attaching a projected annual budget for the Parent and its Subsidiaries which includes projected monthly balance sheets, profit and loss statements, income statements and statements of cash flows of the

Parent and its Subsidiaries for the immediately succeeding Fiscal Year for the Parent and its Subsidiaries (the most recently-delivered such projections being referred to herein as the "Projections"), supplementing and superseding the Projections previously required to be delivered pursuant to this Agreement, in form reasonably satisfactory to the Agents (it being agreed that Projections in substantially the form of the Projections delivered on or prior to the Effective Date are satisfactory to the Agents), and (B) certifying that the representations and warranties set forth in this Section 7.01(a)(vii) are true and correct with respect to the Projections; provided, that after a public offering of any Equity Interests of the Parent or any parent company of the Parent or after any of the foregoing otherwise have securities outstanding that cause one or more of them to become subject to the reporting obligations of the Exchange Act, the parties hereto agree that all Projections delivered after such public offering and any other financial information marked as confidential so delivered shall be treated as material non-public information and shall be subject to the confidentiality terms set forth in Section 12.20, and the Agent acknowledges on behalf of the Lenders that trading in the securities of such entities while in possession of such Projections or other material non-public information could constitute a violation of the Exchange Act;

(viii) promptly after submission to any Governmental Authority, notice of such submission, and, upon request of any Agent, all material documents and material information furnished to such Governmental Authority, in each case in connection with any investigation of any Loan Party which, to the knowledge of such Loan Party, could reasonably be expected to result in a Material Adverse Effect;

(ix) as soon as reasonably practicable, and in any event within three (3) Business Days after an Authorized Officer of any Loan Party obtains knowledge of the occurrence of an Event of Default or Default or the occurrence of any event or development that could reasonably be expected to have a Material Adverse Effect, the written statement of an Authorized Officer of the Administrative Borrower setting forth the details of such Event of Default or Default or other event or development having a Material Adverse Effect and the action which the affected Loan Party proposes to take with respect thereto;

(x) (A) as soon as reasonably practicable and in any event within ten (10) days after any Loan Party or any ERISA Affiliate thereof knows or has reason to know that (1) any Reportable Event with respect to any Employee Plan has occurred, (2) any other Termination Event with respect to any Employee Plan has occurred, or (3) an accumulated funding deficiency has been incurred or an application has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including installment payments) or an extension of any amortization period under Section 412 of the Internal Revenue Code with respect to an Employee Plan, a statement of an Authorized Officer of the Administrative Borrower setting forth the details of such occurrence and the action, if any, that such Loan Party proposes to take with respect thereto, in the case of (1) through (3) above, except as could not reasonably be expected to result in material liability for any Loan Party, (B) promptly and in any event within three (3) days after receipt thereof by any Loan Party or any ERISA Affiliate thereof from the PBGC, copies of each notice received by any Loan Party or any ERISA Affiliate thereof of the PBGC's intention to terminate any Plan or to have a trustee appointed to administer any Plan, (C) promptly and in any event within ten (10) days after the filing thereof with the Internal Revenue Service if requested by any Agent, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each Employee Plan and Multiemployer Plan, (D)

promptly and in any event within ten (10) days after any Loan Party or any ERISA Affiliate thereof knows or has reason to know that a required installment within the meaning of Section 412 of the Internal Revenue Code has not been made when due with respect to an Employee Plan and (E) promptly and in any event within three (3) days after receipt thereof by any Loan Party or any ERISA Affiliate thereof from a sponsor of a Multiemployer Plan or from the PBGC, a copy of each notice received by any Loan Party or any ERISA Affiliate thereof concerning the imposition or amount of withdrawal liability under Section 4202 of ERISA or indicating that such Multiemployer Plan may enter reorganization status under Section 4241 of ERISA;

(xi) promptly after the commencement thereof but in any event not later than ten (10) Business Days after service of process with respect thereto on, or the obtaining of knowledge thereof by, any Loan Party, notice of the commencement of each action, suit or proceeding before any court or other Governmental Authority or other regulatory body or any arbitrator which could reasonably be expected to have a Material Adverse Effect;

(xii) promptly, and in any event within five (5) Business Days after any Authorized Officer of Parent or its Subsidiaries obtains knowledge thereof, notice of (a) the early termination of any Material Contract or any material portion thereof, (b) receipt by any Parent or any of its Subsidiaries of a written notice of default under any Material Contract, (c) any material amendment, supplement or other modification to any Material Contract (together with a copy thereof), and (d) any notice or other material correspondence relating to a dispute or audit threatened or initiated under any Material Contract, in each case under this subclause (d), that could reasonably be expected to have a Material Adverse Effect, and such information as the Administrative Agent may reasonably request regarding such dispute or audit and the resolution thereof;

(xiii) as soon as reasonably practicable and in any event within five (5) Business Days after execution, receipt or delivery thereof, copies of any material notices that any Loan Party executes or receives in connection with the sale or other Disposition of the Equity Interests of, or all or substantially all of the assets of, any Loan Party (other than with respect to a Disposition to another Loan Party);

(xiv) promptly upon receipt thereof, copies of all financial reports (including, without limitation, final management letters), if any, submitted to any Loan Party by its auditors in connection with any final annual audit of the books thereof; ~~and~~

(xv) concurrently with the delivery of financial statements required by Section 7.01(a)(iii), a detailed summary of Investments made by the Loan Parties pursuant to Section 7.02(e)(xx), including without limitation, summaries of originated and outstanding loans to franchisees, past due loans to franchisees, Studio Support (broken out by individual franchisee), and acquired franchisee locations, and otherwise in form and substance satisfactory to the Collateral Agent, and

(xvi) ~~(xv)~~ promptly upon reasonable request, such other information (other than information subject to confidentiality obligations with a third party or attorney client privilege or the sharing of which information is prohibited by applicable law, in which case, to the extent reasonably practical to provide the same, redacted summaries of such

information shall be provided) concerning the condition or operations, financial or otherwise (including a listing of Accounts Receivable and accounts payable that reflects the amount and aging thereof), of any Loan Party as any Agent may from time to time may reasonably request.

(b) Additional Guaranties and Collateral Security. Cause:

(i) each Subsidiary of any Loan Party (other than an Excluded Subsidiary) not in existence on the Effective Date (a "New Subsidiary"), to execute and deliver to the Collateral Agent promptly and in any event within forty-five (45) days after the formation, acquisition or change in status thereof (except with respect to clause (C) below, which the Loan Parties shall have sixty (60) days to comply with, provided that the Loan Parties shall deliver the items required by clause (C) below in accordance with Section 7.01(o)),

(A) a Joinder Agreement, pursuant to which such Subsidiary shall be made a party to this Agreement as a Borrower or a Guarantor,

(B) a supplement to the Security Agreement, together with (1) certificates (if any) evidencing all of the Equity Interests of such Domestic Subsidiaries owned by such New Subsidiary, (2) undated stock powers executed in blank and (3) such opinions of counsel and such approving certificate of such Subsidiaries as the Collateral Agent may reasonably request in respect of complying with any legend on any such certificate or any other matter relating to such shares,

(C) if such New Subsidiary has a fee interest in any real property that would constitute After Acquired Property with a Current Value in excess of $500,000 if it were acquired by a Loan Party, if requested by the Collateral Agent, one or more Mortgages creating on such real property a perfected, first priority Lien on such real property, a Title Insurance Policy covering such real property, a current ALTA survey thereof and a surveyor's certificate, each in form and substance reasonably satisfactory to the Collateral Agent, together with such other agreements, instruments and documents as the Collateral Agent may require under Section 7.01(o),

(D) such other agreements, instruments, approvals or other documents reasonably requested by the Collateral Agent in order to create, perfect, establish the first priority of or otherwise protect any Lien purported to be covered by any such Security Agreement or Mortgage or otherwise to effect the intent that such Subsidiary shall become bound by all of the terms, covenants and agreements contained in the Loan Documents and that all property and assets (other than Excluded Assets (as defined in the Security Agreement)) of such New Subsidiary shall become Collateral for the Obligations; and

(ii) each Loan Party that is an owner of the Equity Interests of any such New Subsidiary to execute and deliver promptly and in any event within fifteen (15) Business Days after the formation or acquisition of such New Subsidiary a Pledge Amendment (as defined in the Security Agreement), together with (A) certificates (if any) evidencing all of the Equity Interests of such Subsidiary, (B) undated stock powers or other appropriate instruments of assignment executed in blank, (C) such opinions of counsel and such approving certificate of such New Subsidiary as the Collateral Agent may reasonably request in respect of complying with any

legend on any such certificate or any other matter relating to such shares and (D) such other agreements, instruments, approvals, legal opinions, or other documents reasonably requested by the Collateral Agent.

Notwithstanding anything to the contrary in the Loan Documents, in no event shall (a) any Excluded Subsidiary be required to become a Borrower or Guarantor or (b) any Loan Party be required to pledge (i) any Equity Interests of any Immaterial Subsidiary or (ii) more than 65% of the voting (and 100% of the non-voting) Equity Interests of any Foreign Subsidiary, in each case, so long as such Subsidiary remains an "Immaterial Subsidiary" or a "Foreign Subsidiary" as defined herein.

(c) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply with all applicable Requirements of Law (including, without limitation, all Environmental Laws), judgments and awards (including any settlement of any claim that, if breached, could give rise to any of the foregoing), except to the extent the failure to so comply could not reasonably be expected to have a Material Adverse Effect, such compliance to include, without limitation, (i) paying before the same become delinquent all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or upon any of its properties, other than any such taxes, assessments and governmental charges which are less than $250,000 or which are being contested in good faith by proper proceedings which stay the imposition of any penalty, fine or enforcement of any Lien resulting from the non-payment thereof and with respect to which adequate reserves have been set aside for the payment thereof in accordance with GAAP and (ii) paying all material lawful claims which if unpaid might become a Lien or charge upon any of its properties, except to the extent contested in good faith by proper proceedings which stay the imposition of any penalty, fine or Lien resulting from the non-payment thereof and with respect to which adequate reserves have been set aside for the payment thereof in accordance with GAAP.

(d) Preservation of Existence, Etc. Except as otherwise expressly permitted by this Agreement, do or cause to be done all things reasonably necessary to maintain and preserve, and cause each of its Subsidiaries (other than Immaterial Subsidiaries) to maintain and preserve, its existence, rights and privileges, and become or remain, and cause each of its Subsidiaries to become or remain, duly qualified and in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(e) Keeping of Records and Books of Account. Keep, and cause each of its Subsidiaries to keep, adequate records and books of account, with complete entries made to permit the preparation of financial statements in accordance with GAAP.

(f) Inspection Rights. Permit, and cause each of its Subsidiaries to permit, the agents and representatives of any Agent at reasonable times and during normal business hours, and, so long as no Event of Default has occurred and is continuing, upon reasonable prior notice at the expense of the Borrowers, to examine and make copies of and abstracts from its records and books of account, to visit and inspect its properties, to verify materials, leases, notes, accounts receivable, deposit accounts and its other assets, to conduct audits, physical counts,

valuations, appraisals, Phase I Environmental Site Assessments or examinations and to discuss its affairs, finances and accounts with any of its directors, officers, managerial employees, independent accountants or any of its other representatives, provided, that so long as no Event of Default shall have occurred and be continuing, (x) the Loan Parties shall not be obligated to pay the fees, costs and expenses for more than one (1) such inspections of the Loan Parties conducted during each consecutive twelve (12) month period during the term of this Agreement unless the regulatory authorities to which any Lender reports requires more frequent inspections (not to exceed one (1) inspection each quarter) based upon the regulatory credit rating applicable to Borrowers and (y) the Administrative Borrower shall be given a reasonable opportunity to have a representative present at any such inspection (and if the Administrative Borrower so elects to have a representative present at such inspection, then such inspection shall be held at a time that is reasonably acceptable to both the Administrative Borrower and the Agents). The Borrowers agree to pay (i) $850 per day per examiner (not to exceed one (1) examiner and a period of three (3) Business Days so long as no Event of Default has occurred and is continuing) plus the examiner's reasonable and documented out-of-pocket costs and expenses incurred in connection with all such visits, audits, inspections, appraisals, valuations and field examinations and (ii) the reasonable and documented out-of-pocket cost of all visits, audits, inspections, appraisals, valuations and field examinations conducted by a third party on behalf of the Agents. In furtherance of the foregoing, each Loan Party hereby authorizes its independent accountants, and the independent accountants of each of its Subsidiaries, to discuss the affairs, finances and accounts of such Person with the agents and representatives of any Agent in accordance with this Section 7.01(f).

(g) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries (except for Immaterial Subsidiaries) to maintain and preserve, all of its material properties which are necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear and casualty and condemnation excepted, and comply, and cause each of its Subsidiaries (except for Immaterial Subsidiaries) to comply, at all times with the material provisions of all leases to which it is a party as lessee or under which it occupies property, so as to prevent any loss or forfeiture thereof or thereunder, except to the extent any such noncompliance could not reasonably be expected to result in a Material Adverse Effect.

(h) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations (including, without limitation, comprehensive general liability, hazard and rent insurance) with respect to its properties (including all real properties leased or owned by it, and except, in the case of any leased real property, to the extent maintenance of insurance is the responsibility of any landlord under the lease with respect thereto) and business, in such amounts, subject to such deductibles and self-insurance retentions, and covering such risks as is required by any Governmental Authority having jurisdiction with respect thereto or as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated. All policies covering the Collateral are to be made payable to the Collateral Agent for the benefit of the Agents and the Lenders, as its interests may appear, under a standard non-contributory "lender" or "secured party" clause and are to contain such other provisions as the Agents may reasonably require to fully protect the Lenders' interest in the Collateral and to any payments to be made under such policies; provided, however, that (i) each Agent hereby agrees that the terms of the Loan Parties' insurance certificates (and not the endorsements) in effect on the Effective Date are satisfactory to each Agent and (ii) payments made under such policies with respect to the

Collateral shall be subject to Section 2.05(c)(viii). All certificates of insurance are to be delivered to the Collateral Agent (with copies thereof to the Administrative Agent), with the loss payable and additional insured endorsement in favor of the Collateral Agent and such other Persons as the Collateral Agent may designate from time to time, and shall provide for not less than thirty (30) days' prior written notice to the Agents of the exercise of any right of cancellation (ten (10) days' prior written notice in the case of non-payment). If any Loan Party or any of its Subsidiaries fails to maintain such insurance, any Agent may, upon prior written notice to the Administrative Borrower, arrange for such insurance, but at the Borrowers' expense and without any responsibility on such Agent's part for obtaining the insurance, the solvency of the insurance companies, the adequacy of the coverage, or the collection of claims. Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall have the sole right, in the name of the Lenders, any Loan Party and its Subsidiaries, to file claims under any insurance policies, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies.

(i) Obtaining of Permits, Etc. Obtain, maintain and preserve, and cause each of its Subsidiaries to obtain, maintain and preserve, and take all necessary action to timely renew, all permits, licenses, authorizations, approvals, entitlements and accreditations, in each case, which are necessary or useful in the proper conduct of its business, except where the failure to obtain, maintain and preserve could not reasonably be expected to result in a Material Adverse Effect.

(j) Environmental. (i) Keep any property either owned or operated by it or any of its Subsidiaries free of any Environmental Liens; (ii) comply in all material respects, and cause each of its Subsidiaries to comply in all material respects, with all Environmental Laws and provide to the Collateral Agent any documentation of such compliance which the Collateral Agent may reasonably request; (iii) provide the Agents written notice within five (5) days of any Release of a Hazardous Material in excess of any reportable quantity from or onto property at any time owned or operated by it or any of its Subsidiaries and take any Remedial Actions required by Environmental Laws to abate said Release; and (iv) provide the Agents with written notice within ten (10) days of the receipt of any of the following: (A) notice that an Environmental Lien has been filed against any property of any Loan Party or any of its Subsidiaries; (B) commencement of any Environmental Action or notice that an Environmental Action will be filed against any Loan Party or any of its Subsidiaries; and (C) notice of a violation, citation or other administrative order, in each case which could reasonably be expected to have a Material Adverse Effect.

(k) Further Assurances. Take such action and execute, acknowledge and deliver, and cause each of its Subsidiaries to take such action and execute, acknowledge and deliver, at its sole cost and expense, such agreements, instruments or other documents as any Agent may reasonably require from time to time in order (i) to carry out more effectively the purposes of this Agreement and the other Loan Documents, to the extent contemplated by the other Loan Documents, (ii) to subject to valid and perfected first priority Liens (subject to Permitted Liens) on any of the Collateral or any other property of any Loan Party and its domestic Subsidiaries, (iii) to establish and maintain the validity and effectiveness of any of the Loan Documents and the validity, perfection and priority of the Liens intended to be created thereby, and (iv) to better

assure, convey, grant, collaterally assign, transfer and confirm unto each Agent, and each Lender the rights, in each case, now or hereafter intended to be granted to it under this Agreement or any other Loan Document. In furtherance of the foregoing, to the maximum extent permitted by applicable law, each Loan Party (i) authorizes each Agent, upon the occurrence and during the continuance of an Event of Default, to execute any such agreements, instruments or other documents in such Loan Party's name and to file such agreements, instruments or other documents in any appropriate filing office, (ii) authorizes each Agent to file any financing statement required hereunder or under any other Loan Document, and any continuation statement or amendment with respect thereto, in any appropriate filing office without the signature of such Loan Party, and (iii) ratifies the filing of any financing statement, and any continuation statement or amendment with respect thereto, filed without the signature of such Loan Party prior to the date hereof.

(l) Change in Collateral Locations; Collateral Records. (i) Give the Agents not less than ten (10) days' prior written notice of any change in the location of any Collateral (other than (i) Inventory in transit, (ii) assets at any location having a value not exceeding $500,000 in the aggregate, (iii) equipment out for repair or in use by employees in the ordinary course of business consistent with past practice, (iv) Collateral in the possession of the Collateral Agent and (v) Collateral moved to a location set forth on Schedule 6.01(ee) (as amended from time to time by written notice to the Collateral Agent)).

(m) Landlord Waivers. At any time any Collateral with a book value in excess of $500,000 (when aggregated with all other Collateral at the same location) is located on any real property of a Loan Party (whether such real property is now existing or acquired after the Effective Date) which is not owned by a Loan Party, upon the written request of the Collateral Agent, use commercially reasonable efforts to obtain written subordinations or waivers ("Landlord Waivers"), in form and substance reasonably satisfactory to the Collateral Agent, of all present and future Liens to which the owner or lessor of such premises may be entitled to assert against the Collateral.

(n) Subordination. Cause all Indebtedness and other obligations now or hereafter owed by it to any of its Subsidiaries that are not Loan Parties, to be subordinated in right of payment and security to the Indebtedness and other Obligations owing to the Agents and the Lenders pursuant to the Intercompany Subordination Agreement.

(o) After Acquired Real Property. Upon the acquisition by it or any of its Domestic Subsidiaries that is a Loan Party after the date hereof of any Material Real Estate Asset (each such interest being an "After Acquired Property"), as soon as reasonably practicable so notify the Collateral Agent, setting forth with specificity a description of the interest acquired, the location of the real property, and either an appraisal or such Loan Party's good-faith estimate of the current value of such real property after taking into account any liabilities with respect thereto that impact such fair market value. The Collateral Agent shall notify such Loan Party within ten (10) Business Days of receipt of notice from the Administrative Borrower whether it intends to require any of the Real Property Deliverables referred to below. Upon receipt of such notice, the Loan Party that has acquired such After Acquired Property shall furnish to the Collateral Agent as promptly as reasonably practicable the following, each in form and substance reasonably satisfactory to the Collateral Agent: (i) a Mortgage with respect to such real property and related assets located at the After Acquired Property, duly executed by such Loan Party and in recordable

form; (ii) evidence of the recording of the Mortgage referred to in clause (i) above in such office or offices as may be necessary or, in the opinion of the Collateral Agent, desirable to create and perfect a valid and enforceable first priority lien on the After Acquired Property purported to be covered thereby (subject to Permitted Liens) or to otherwise protect the rights of the Agents and the Lenders thereunder, (iii) a Title Insurance Policy, (iv) a survey of such real property, certified to the Collateral Agent and to the issuer of the Title Insurance Policy by a licensed professional surveyor reasonably satisfactory to the Collateral Agent, provided that an existing survey shall be acceptable if sufficient for the applicable title insurance company to remove the standard survey exception and issue survey-related endorsements, (v) if requested, Phase I Environmental Site Assessments with respect to such real property, certified to the Collateral Agent by a company reasonably satisfactory to the Collateral Agent, and (vi) such other documents reasonable and customary or instruments (including guarantees and enforceability opinions of counsel) as the Collateral Agent may reasonably require (clauses (i)-(vi), collectively, the "Real Property Deliverables"). The Borrowers shall pay all reasonable and documented out-of-pocket fees and expenses, including reasonable and documented out-of-pocket fees and expenses of one outside counsel and one local counsel in each relevant jurisdiction, and all title insurance charges and premiums, in connection with each Loan Party's obligations under this Section 7.01(o).

(p) Fiscal Year. Cause the Fiscal Year of the Parent and its Subsidiaries to end on December 31st of each calendar year unless the Agents consent to a change in such Fiscal Year (and appropriate related changes to this Agreement).

(q) Franchise Matters. (i) Comply in all material respects with all of its material obligations under the Franchise Agreements to which it is a party; (ii) appear in and defend any action challenging the validity or enforceability of any Franchise Agreement, except for such actions which, individually or in the aggregate, have not had and could not reasonably be expected to result in a Material Adverse Effect; (iii) give prompt notice to the Collateral Agent of (A) any written notice of default given by such Loan Party under any Franchise Agreement with respect to any Franchisee-operated Franchised Locations that generates more than $350,000 in revenues for the Loan Parties in the last Fiscal Year of the Loan Parties, (B) any written notice by a Franchisee with respect to any Franchisee-operated Franchised Locations that generates more than $350,000 in revenues for the Loan Parties in the last Fiscal Year of the Loan Parties that terminates or threatens to terminate such Franchise Agreement or withhold any payments under such Franchise Agreement, together with a copy or statement of any information submitted or referenced in support of such notices and any reply by the Loan Party or its Subsidiary, and (C) any notice or other communication received by it in which any other party to any Franchise Agreement declares a breach or default by a Loan Party or Subsidiary of any material term under such Franchise Agreement; (iv) provide Franchisees and prospective Franchisees with a Franchise Disclosure Document or other disclosure statement of similar import as required by 16 C.F.R. 436, and (v) promptly upon any material amendment, revision or modification (except for any new, modified, terminated or expired Franchise Agreement in the ordinary course of business) to the information on Schedule 6.01(q), deliver an updated Schedule 6.01(q) to the Collateral Agent.

(r) [Intentionally Omitted].

(s) Post-Closing Obligations. As promptly as practicable, and in any event within the number of days after the Effective Date specified on Schedule 7.01(s) (or, upon

the reasonable discretion of the Collateral Agent, at such other date specified by the Collateral Agent), the Loan Parties will deliver all documents and take all actions set forth on Schedule 7.01(s).

Section 7.02 Negative Covenants. So long as any principal of or interest on any Loan, or any other Obligation (whether or not due, but excluding unasserted contingent indemnification Obligations) shall remain unpaid or any Lender shall have any Commitment hereunder, each Loan Party shall not, unless the Required Lenders shall otherwise consent in writing:

(a) Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien upon or with respect to any of its properties, whether now owned or hereafter acquired; file or suffer to exist under the Uniform Commercial Code or any Requirement of Law of any jurisdiction, a financing statement (or the equivalent thereof) that names it or any of its Subsidiaries as debtor (other than an unauthorized financing statement (or the equivalent thereof) that names it or any of its Immaterial Subsidiaries as debtor so long as such unauthorized financing statement is promptly terminated after the Loan Parties obtain knowledge thereof); sign or suffer to exist any security agreement authorizing any secured party thereunder to file such financing statement (or the equivalent thereof) while the Obligations remain outstanding, other than, as to all of the above, Permitted Liens.

(b) Indebtedness. Create, incur, assume, guarantee or suffer to exist, or otherwise become or remain liable with respect to, or permit any of its Subsidiaries to create, incur, assume, guarantee or suffer to exist or otherwise become or remain liable with respect to, any Indebtedness other than Permitted Indebtedness.

(c) Fundamental Changes; Dispositions. Wind-up, liquidate or dissolve, or merge, consolidate or amalgamate with any Person, including by means of a "plan of division" under the Delaware Limited Liability Company Act (the "Act") or any comparable transaction under any similar law, or convey, sell, lease or sublease, transfer or otherwise dispose of, whether in one transaction or a series of related transactions, all or any part of its business, property or assets, whether now owned or hereafter acquired, or permit any of its Subsidiaries (other than Immaterial Subsidiaries) to do any of the foregoing; provided, however, that

(i) (w) any wholly-owned Subsidiary of any Loan Party and any Loan Party (other than the Parent) may be merged, consolidated, amalgamated or liquidated into such Loan Party (other than the Parent) or another wholly-owned Subsidiary of such Loan Party, or may consolidate or amalgamate with another wholly-owned Subsidiary of such Loan Party, so long as (A) no other provision of this Agreement would be violated thereby, (B) such Loan Party gives the Agents at least 10 Business Days' prior written notice of such merger, amalgamation, liquidation or consolidation, (C) no Event of Default shall have occurred and be continuing either before or after giving effect to such transaction, (D) the Lenders' rights in any Collateral, including, without limitation, the existence, perfection and priority of any Lien thereon, are not adversely affected by such merger, amalgamation, liquidation or consolidation in any material respect, and (E) in the case of any merger or consolidation involving a Loan Party, the surviving Subsidiary, if any, is joined as a Loan Party hereunder (to the extent not already a Loan Party) pursuant to a Joinder Agreement and is a party to a Security Agreement and the Equity Interests of such

Subsidiary is the subject of a Security Agreement, in each case, which is in full force and effect on the date of and immediately after giving effect to such merger, amalgamation, liquidation or consolidation; (x) any Immaterial Subsidiary may be dissolved or merged with and into a Loan Party so long as upon the dissolution of such Immaterial Subsidiary, the Loan Parties shall provide the Administrative Agent a certificate of an Authorized Officer of the Administrative Borrower attaching all documentation authorizing and evidencing the dissolution or merger of such Immaterial Subsidiary; (y) any Subsidiary that is not a Loan Party may merge or consolidate with another Subsidiary that is not a Loan Party or, if the surviving entity is or becomes a Loan Party, with a Subsidiary that is a Loan Party; and (z) a merger, dissolution, liquidation or consolidation, the purpose of which is to effect a Disposition permitted pursuant to Section 7.02(e);

(ii) any Loan Party and its Subsidiaries may (A) sell, assign or transfer Inventory in the ordinary course of business, and (B) make Permitted Dispositions, provided that the Net Cash Proceeds of such Permitted Dispositions, in all cases, are applied pursuant to the terms of Section 2.05(c)(v), if applicable; provided further, that each of the Administrative Agent and the Collateral Agent agrees that (x) a Loan Party's liability (whether as a Borrower, Guarantor or "Grantor" under the Security Agreement) in respect of the Obligations shall be automatically terminated in the event (and upon the consummation of) the sale or other disposition of such Loan Party as permitted hereunder and (y) it shall take such actions as are reasonably requested by the Administrative Borrower and at the Administrative Borrower's expense to terminate the Liens and security interests created under the Loan Documents with respect to such Loan Party;

(iii) any Loan Party and its Subsidiaries may consummate a Permitted Acquisition; and

(iv) any Loan Party and any Subsidiary of any Loan Party may consummate a transaction permitted by Section 7.02(e).

(d) Change in Nature of Business. Make, or permit any of its Subsidiaries to make, any change in the nature of its business as described in Section 6.01(l).

(e) Loans, Advances, Investments, Etc. Make or commit or agree to make any loan, advance, guarantee of obligations, other extension of credit or capital contributions to, or hold or invest in or commit or agree to hold or invest in, or purchase or otherwise acquire or commit or agree to purchase or otherwise acquire any shares of the Equity Interests, bonds, notes, debentures or other securities of, or make or commit or agree to make any other investment in, any other Person or purchase all or substantially all of the assets of any other Person (each an "Investment"), or permit any of its Subsidiaries to do any of the foregoing, except for:

(i) Investments existing on the date hereof, as set forth on Schedule 7.02(e) hereto, but not any increase in the amount thereof as set forth in such Schedule or any other modification of the terms thereof that are materially adverse to the interests of the Lenders,

(ii) (A) loans and advances by a Loan Party or non-Loan Party Subsidiary to a Loan Party, provided that such loans and advances by a non-Loan Party to a Loan

Party shall be subordinated in right of payment to the Obligations and shall be subject to the Intercompany Subordination Agreement and (B) loans and advances by a non-Loan Party Subsidiary to any other non-Loan Party Subsidiary,

(iii) Investments made by a Loan Party after the Effective Date in or to non-Loan Party Subsidiaries in an aggregate amount not to exceed $250,000 at any time outstanding; provided that (A) such Investments made after the Effective Date under this clause (iii) shall not be made unless (1) no Event of Default has occurred and is continuing or would result from such Investments and (2) Availability plus Qualified Cash is greater than $5,000,000 immediately before and after giving effect to such Investments and (B) the owner of the Equity Interests of such non-Loan Party Subsidiary complies with the requirements of Sections 7.01(b)(ii) with respect to the pledge of the Equity Interests of such non-Loan Party Subsidiary,

(iv) advances to officers, directors and other employees of the Loan Parties in an aggregate outstanding amount at any one time not in excess of $250,000,

(v) extensions of trade credit in the ordinary course of business,

(vi) Investments in cash and Cash Equivalents (including deposits and other accounts in which such cash and Cash Equivalents are maintained),

(vii) Permitted Acquisitions and intercompany Investments among and between the Loan Parties and Subsidiaries of any Loan Party that directly result in a Permitted Acquisition,

(viii) Permitted Investments,

(ix) Investments consisting of Permitted Indebtedness;

(x) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business to the extent permitted by Section 7.02(o), and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors in the ordinary course of business,

(xi) Investments arising directly out of the receipt by the Loan Parties of non-cash consideration for any sale of assets permitted under Section 7.02(c); provided, that such non-cash consideration shall in no event exceed 25% of the total consideration received for such sale,

(xii) Investments in the ordinary course of business consisting of indorsements for collection or deposit and customary trade arrangements with customers consistent with past practices,

(xiii) advances made in connection with purchases of goods or services in the ordinary course of business,

(xiv) Indebtedness constituting an Investment to the extent permitted under Section 7.02(b),

(xv) capitalization or forgiveness of any debt owed by a Loan Party to another Loan Party,

(xvi) holding of Investments to the extent such Investments reflect an increase in the value of the Investments,

(xvii) Investments consisting of earnest money required in connection with a Permitted Acquisition or other Investment,

(xviii) Investments held by a Person that becomes a Loan Party or a Subsidiary of a Loan Party (or is merged, amalgamated or consolidated with or into a Loan Party or a Subsidiary of a Loan Party) after the Effective Date to the extent that such Investments (1) existed prior to such Person becoming a Loan Party or a Subsidiary of a Loan Party and (2) were not made in contemplation of or in connection with such acquisition, merger, amalgamation or consolidation,

(xix) Investments funded with proceeds of Equity Interests (other than, in the case of Parent, Disqualified Equity Interests) or capital contributions to, or paid for with equity of, Parent (other than capital contributions funded with the proceeds of Indebtedness incurred by any Loan Party or a Subsidiary of a Loan Party), ~~and~~

(xx) Investments consisting of acquired franchisee locations, Studio Support and loans to franchisees (such loans to be on terms set forth in Schedule 7.02(e)(xx)); provided (i) with respect to Investments consisting of acquired franchisee locations, such locations are resold within 12 months of purchase, (ii) ~~the aggregate amount of such Investments shall not exceed $3,000,000 at any time outstanding, (iii~~ such Investments in the form of loans to franchisees shall be funded solely during the period commencing on the First Amendment Effective Date and ending on the last day of the eighteenth month following the First Amendment Effective Date, in an aggregate amount not to exceed (A) from the First Amendment Effective Date until the first anniversary of the First Amendment Effective Date, $6,000,000 at any time outstanding, (B) from the day after the first anniversary of the First Amendment Effective Date until the second anniversary of the First Amendment Effective Date, $5,000,000 at any time outstanding, (C) from the day after the second anniversary of the First Amendment Effective Date until December 31, 2023, $2,500,000 at any time outstanding and (D) after December 31, 2023, $500,000 at any time outstanding, (iii) such Investments in the form of acquired franchisee locations and Studio Support shall be funded solely during the period commencing on the First Amendment Effective Date until the first anniversary of the First Amendment Effective Date, in an aggregate amount not to exceed $4,000,000, (iv) on a pro forma basis, after giving effect to the consummation of the proposed ~~acquisition,~~ Investment, (A) the Loan Parties shall be in pro forma compliance with the covenants set forth in Section 7.03 hereof and ~~(v~~ (B) with respect to

Investments in the form of loans to franchisees, Availability plus Qualified Cash of the Loan Parties shall be greater than or equal to $5,000,000, (v) no Event of Default shall exist either before or after giving effect to such Investment~~;~~**, and (vi) the aggregate amount of such Investments in any individual franchisee shall not exceed (A) with respect to loans to such franchisee, $250,000 at any time outstanding, and (B) with respect to Investments consisting of acquired franchisee locations and Studio Support, $100,000 at any time outstanding;**

(xxi) Investments consisting of the purchase of minority Equity Interests in Subsidiaries; so long as (A) the aggregate amount of such Investments so purchased shall not exceed (1) $3,500,000 at any time prior to an initial public offering of the Parent (or any parent company of the Parent) and (2) $5,000,000 at any time after such initial public offering, (B) on a pro forma basis, after giving effect to any such Investment, (1) no Event of Default has occurred and is continuing or would result from such Investment, and (2) Availability plus Qualified Cash (excluding any amounts in funding market accounts) shall be greater than $12,000,000 and (C) Consolidated EBITDA for the most recent trailing four fiscal quarter period for which financial statements and a Compliance Certificate have been delivered pursuant to Section 7.01(a)(i) and (iv) shall be greater than $60,000,000; and

(xxii) other Investments in an aggregate outstanding amount at any one time not exceeding $750,000 in any Fiscal Year.

(f) [Intentionally Omitted].

(g) [Intentionally Omitted].

(h) Restricted Payments. (i) Declare or pay any dividend or other distribution, direct or indirect, on account of any Equity Interests of any Loan Party or any of its Subsidiaries, now or hereafter outstanding, together with any payment or distribution pursuant to a "plan of division" under the Act or any comparable transaction under any similar law, (ii) make any repurchase, redemption, retirement, defeasance, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Equity Interests of any Loan Party or any direct or indirect parent of any Loan Party, now or hereafter outstanding, (iii) make any payment to retire, or to obtain the surrender of, any outstanding warrants, options or other rights for the purchase or acquisition of shares of any class of Equity Interests of any Loan Party, now or hereafter outstanding, (iv) return any Equity Interests to any shareholders or other equity holders of any Loan Party or any of its Subsidiaries, or make any other distribution of property, assets, shares of Equity Interests, warrants, rights, options, obligations or securities thereto as such or (v) pay any management fees or any other fees or expenses (including the reimbursement thereof by any Loan Party or any of its Subsidiaries) pursuant to any management, consulting or other services agreement (in each case excluding compensation, including bonuses, indemnities and expense reimbursement under customary employment arrangements) to any of the shareholders or other equityholders of any Loan Party or any of its Subsidiaries or other Affiliates, or to any other Subsidiaries or Affiliates of any Loan Party (clauses (i) through (v), a "Restricted Payment"); provided, however,

(A) (1) To the extent each of Parent and Borrower is treated as a partnership or disregarded entity for United States federal income tax purposes, each Loan Party

may make distributions to Parent to permit Parent to promptly make distributions to its equity holders, in each case, at least quarterly, in an aggregate amount not to exceed the product of (A) the estimated or actual taxable income (if any) of Parent, as determined for federal income tax purposes, computed without regards to any basis adjustment pursuant to Section 734, 743 or 754 of the Internal Revenue Code and any applicable comparable provision of state, local and foreign income tax law and (B) the sum of the maximum federal, state and local income tax rates applicable to any direct or indirect equity owner of Parent, reflecting any reduced rate applicable to any special class of income that is in effect for such taxable period and (2) for any taxable period (or portion thereof) for which Parent or Borrower or any of their Subsidiaries are members of a consolidated, combined, unitary or similar income tax group for U.S. federal or applicable foreign, state or local income tax purposes of which an entity other than Borrower or any of its Subsidiaries is the common parent (a "Tax Group"), Borrower may make distributions to Parent, for Parent to pay, or to permit Parent to promptly make distributions up the chain of ownership to such common parent to pay, the portion of any U.S. federal, foreign, state or local income taxes (as applicable) of such Tax Group for such taxable period that are attributable to the net taxable income of the Borrower and/or its Subsidiaries, provided that, solely for purposes of this clause (2), for each taxable period, the amount of such payments made in respect of such taxable period in the aggregate will not exceed the amount that the Borrower and the applicable Subsidiary or Subsidiaries, as applicable, would have been required to pay in respect of such net taxable income as stand-alone taxpayers or a stand-alone Tax Group (each of the distributions described in clauses (1) and (2), "Tax Distributions"); provided that (x) any Tax Distribution made with respect to estimated income taxes shall be made no earlier than 10 days prior to the due date of such estimated income taxes (assuming that the recipient of such Tax Distribution is a corporation); (y) any Tax Distribution made with respect to a final income tax return to be filed with respect to any year shall be made no earlier than 10 days prior to the due date of such income tax return (assuming the recipient of such Tax Distribution is a corporation); and (z) to the extent that the aggregate Tax Distributions made by the Parent with respect to any calendar year or portion thereof in accordance with the preceding clauses (x) and (y) exceed the income tax liability of the Parent determined in accordance with the foregoing provisions of this definition (including as a result of the estimates of the Parent's net taxable income during such year exceeding the Parent's actual net taxable income for such year), then any such excess shall be carried forward and reduce Tax Distributions made for later years;

(B) the Subsidiaries of the Parent may pay dividends or make distributions to the Administrative Borrower or the Parent in amounts necessary to enable the Administrative Borrower or the Parent to pay (i) customary expenses arising in the ordinary course of the Administrative Borrower's or the Parent's business solely as a result of its ownership and operation of the other Loan Parties and their respective Subsidiaries, (ii) ordinary course corporate operating expenses (including salaries and related reasonable and customary expenses incurred by or allocated to employees of the Administrative Borrower or the Parent) and other fees and expenses required to maintain its corporate existence, (iii) reasonable fees and out-of-pocket expenses related to its compliance with or actions which are expressly permitted under the terms of this Agreement and the other Loan Documents and (iv) reasonable fees and expenses incurred in connection with any debt or equity offering by Parent to the extent the proceeds thereof are (or, in the case of an unsuccessful offering, were intended to be) used for the benefit of the Loan Parties, whether or not completed; provided that the aggregate amount of such dividends and distributions in any Fiscal Year to the Parent under subparts (i)-(iv) of this clause (B) shall not exceed $500,000;

(C) reasonable and customary indemnities provided to, and reasonable and customary fees paid to, members of the board of directors of Parent;

(D) the Subsidiaries of Parent may make dividends and distributions to Parent solely to enable Parent to pay, and Parent may pay (1) Permitted Management Fees and (2) reasonable out-of-pocket expense reimbursements and indemnities to the Sponsor and other Permitted Holders incurred in connection with management of Parent and its Subsidiaries in an aggregate amount not exceeding $250,000 in any Fiscal Year;

(E) Parent and its Subsidiaries may make dividends and distributions to the extent permitted by Section 7.02(l) or 7.02(j)(ix).

(F) so long as no Event of Default has occurred and is continuing or would result therefrom and so long as Availability plus Qualified Cash (both before and immediately after giving effect to such repurchase or redemption) is not less than $5,000,000, the Loan Parties and their Subsidiaries may repurchase, redeem, retire or otherwise acquire for value Equity Interests (including any stock appreciation rights in respect thereof) of the Loan Parties from current or former employees, directors or officers, provided that the aggregate cash payments in respect of such repurchases, redemptions, retirements and acquisitions shall not exceed the sum of (i) $500,000 after the Effective Date and (ii) any proceeds received by a Loan Party during such Fiscal Year from the sale or issuance of Equity Interests of Parent to directors, officers or employees of a Loan Party or a Subsidiary of a Loan Party in connection with permitted employee compensation and incentive arrangements;

(G) [Intentionally Omitted];

(H) each Loan Party and each Subsidiary of a Loan Party may makenon- cash repurchases of Equity Interests deemed to occur upon exercise of stock options or similar equity incentive awards if such Equity Interest represents a portion of the exercise price of such options or similar equity incentive awards; and

(I) (i) after an initial public offering and so long as no Event of Default has occurred and is continuing or would result therefrom (1) any Restricted Payment the proceeds of which will be used to pay listing fees and other costs and expenses attributable to being a publicly traded company which are reasonable and customary, including Public Company Costs and (2) Restricted Payments not to exceed up to 6.00% per annum of the Net Cash Proceeds received by (or contributed to) Parent and its Subsidiaries from such public offering and (ii) after any public equity issuance following the occurrence of an initial public offering, 100% of the Net Cash Proceeds of such public equity issuance.

(i) Federal Reserve Regulations. Permit any Loan or the proceeds of any Loan under this Agreement to be used for any purpose that would cause such Loan to be a margin loan under and in a manner that violates the provisions of Regulation T, U or X of the Board.

(j) Transactions with Affiliates. Enter into, renew, extend or be a party to, or permit any of its Subsidiaries to enter into, renew, extend or be a party to, any transaction or series of related transactions (including, without limitation, the purchase, sale, lease, transfer or

exchange of property or assets of any kind or the rendering of services of any kind) with any Affiliate, except (i) as necessary or desirable for the prudent operation of its business and on terms no less favorable to it or its Subsidiaries than would be obtainable in a comparable arm's length transaction with a Person that is not an Affiliate thereof, (ii) transactions (x) with another Loan Party and (y) between Subsidiaries that are not Loan Parties, (iii) transactions expressly permitted under this Agreement, (iv) sales of Equity Interests of the Parent to Affiliates of the Parent not otherwise prohibited by the Loan Documents and the granting of registration and other customary rights in connection therewith, (v) the payment of fees and expenses in connection with the consummation of the Transaction, (vi) entering into employment and severance arrangements between Parent, any other Loan Party and their Subsidiaries and their respective officers and employees, (vii) other transactions set forth on Schedule 7.02(j), (viii) the payment of customary fees and reimbursement of reasonable out-of-pocket costs of, and customary indemnities provided to or on behalf of, directors, officers and employees of Parent, the other Loan Parties and their Subsidiaries in the ordinary course of business or to their Affiliates and (ix) payments by the Borrower and Parent to fund payments to satisfy obligations of Xponential Fitness, Inc. under the Tax Receivable Agreement, including pursuant to any early termination thereof.

(k) Limitations on Dividends and Other Payment Restrictions Affecting Subsidiaries. Create or otherwise cause, incur, assume, suffer or permit to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Subsidiary of any Loan Party (i) to pay dividends or to make any other distribution on any shares of Equity Interests of such Subsidiary owned by any Loan Party or any of its Subsidiaries, (ii) to pay or prepay or to subordinate any Indebtedness owed to any Loan Party or any of its Subsidiaries, (iii) to make loans or advances to any Loan Party or any of its Subsidiaries or (iv) to transfer any of its property or assets to any Loan Party or any of its Subsidiaries, or permit any of its Subsidiaries to do any of the foregoing; provided, however, that nothing in any of clauses (i) through (iv) of this Section 7.02(k) shall prohibit or restrict compliance with:

(A) this Agreement, the other Loan Documents, and any other agreement or document evidencing Subordinated Indebtedness;

(B) any agreements in effect on the date of this Agreement and described on Schedule 7.02(k);

(C) any applicable law, rule or regulation (including, without limitation, applicable currency control laws and applicable state corporate statutes restricting the payment of dividends in certain circumstances);

(D) in the case of clause (iv), any agreement setting forth customary restrictions on the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract of similar property or assets;

(E) in the case of clause (iv) any agreement, instrument or other document evidencing a Permitted Lien (or the Indebtedness secured thereby) restricting on customary terms the transfer of any property or assets subject thereto;

(F) in the case of clause (iv), restrictions contained in an agreement related to the sale of such property that limits the transfer of such property pending the consummation of such sale; or

(G) in the case of clause (iv), restrictions with respect to a Subsidiary of Parent imposed pursuant to an agreement that has been entered into in connection with the disposition of all or substantially all of (x) the Equity Interests of such Subsidiary or (y) the assets of such Subsidiary.

(l) Limitation on Issuance of Equity Interests. Except as otherwise permitted by this Agreement (including under clause (j) of the definition of Permitted Dispositions), issue or sell or enter into any agreement or arrangement for the issuance and sale of, or permit any of its Subsidiaries to issue or sell or enter into any agreement or arrangement for the issuance and sale of, any shares of its Equity Interests, any securities convertible into or exchangeable for its Equity Interests or any warrants; provided that (x) the Parent or any other Loan Party may issue Equity Interests or Qualified Equity Interests to any Permitted Holder, any other Loan Party, any officer or director of a Loan Party or, solely with respect to the Parent, to any other Person so long as (i) no Change of Control would result therefrom and (ii) the requirements of Section 2.05(c)(vi) are satisfied and (y) Subsidiaries of Parent may issue additional Equity Interests to other Subsidiaries or Loan Parties, so long as the requirements of Section 4 of the Security Agreement and/or Section 7.01(b), if applicable, with respect to the pledge and delivery of such Equity Interests to the Collateral Agent are satisfied.

(m) Modifications and Prepayments of Subordinated Indebtedness, Amendments to Governing Documents; Certain other Changes.

(i) Amend, modify or otherwise change (or permit the amendment, modification or other change in any manner of) any of the provisions of any of its or its Subsidiaries' Subordinated Indebtedness or of any instrument or agreement (including, without limitation, any purchase agreement, indenture, loan agreement or security agreement) relating to any such Subordinated Indebtedness if such amendment, modification or change would shorten the final maturity or average life to maturity of, or require any payment to be made earlier than the date originally scheduled on, such Subordinated Indebtedness, would increase the interest rate applicable to such Subordinated Indebtedness, would change the subordination provision, if any, of such Subordinated Indebtedness, or would otherwise be materially adverse to the Lenders in any respect,

(ii) except for (x) the Obligations or (y) any Indebtedness owing by a Subsidiary of a Loan Party to a Loan Party or to another Subsidiary of a Loan Party if the obligor is not a Loan Party, make any voluntary or optional payment (including, without limitation, any payment of interest in cash that, at the option of the issuer, may be paid in cash or in kind), prepayment, redemption, defeasance, sinking fund payment or other acquisition for value of any of its or its Subsidiaries' Subordinated Indebtedness (including, without limitation, by way of depositing money or securities with the trustee therefor before the date required for the purpose of paying any portion of such Subordinated Indebtedness when due), or refund, refinance, replace or exchange any other Indebtedness for any such Subordinated Indebtedness (except to the extent such Indebtedness is otherwise expressly permitted by the definition of "Permitted Indebtedness"

or such transaction is a Permitted Refinancing), make any payment, prepayment, redemption, defeasance, sinking fund payment or repurchase of any Subordinated Indebtedness in violation of the subordination provisions thereof or any subordination agreement with respect thereto, or make any payment, prepayment, redemption, defeasance, sinking fund payment or repurchase of any Subordinated Indebtedness as a result of any asset sale, change of control, issuance and sale of debt or equity securities or similar event in violation of the subordination provisions thereof or any subordination agreement with respect thereto;

(iii) other than with respect to Immaterial Subsidiaries, amend, modify or otherwise change its name, jurisdiction of formation or organization, as applicable, organizational identification number or FEIN, except that a Loan Party or a Subsidiary of a Loan Party may (A) change its name, jurisdiction of formation or organization, as applicable, organizational identification number or FEIN in connection with a transaction permitted by Section 7.02(c) and (B) change its name, jurisdiction of formation or organization, as applicable, organizational identification number or FEIN upon at least ten (10) days' (or such shorter period agreed to by the Collateral Agent) prior written notice by the Administrative Borrower to the Collateral Agent of such change and so long as, at the time of such written notification, such Person provides all information reasonably required in connection with financing statements or fixture filings necessary to perfect and continue perfected the Collateral Agent's Liens; or

(iv) other than with respect to Immaterial Subsidiaries, amend, modify or otherwise change any of its Governing Documents, including, without limitation, by the filing or modification of any certificate of designation, or any agreement or arrangement entered into by it, with respect to any of its Equity Interests (including any shareholders' agreement), or enter into any new agreement with respect to any of its Equity Interests, except any such amendments, modifications or changes or any such new agreements or arrangements (excluding any amendments permitting a "plan of division" under the Act or any comparable transaction under any similar law) pursuant to this clause (iv) that could not reasonably be expected to have a Material Adverse Effect.

(n) Investment Company Act of 1940. Engage in any business, enter into any transaction, use any securities or take any other action or permit any of its Subsidiaries to do any of the foregoing, that would cause it or any of its Subsidiaries to be required to register under the Investment Company Act of 1940, as amended, by virtue of being an "investment company" not entitled to an exemption within the meaning of such Act.

(o) Franchise Agreements. (i) Enter into additional Franchise Agreements after the date hereof unless such Franchise Agreements are entered into in the ordinary course of such Loan Party's business (which shall include, for the avoidance of doubt, new lines of business substantially similar or related to the Loan Parties' existing lines of business); (ii) waive or release any Franchisee from the observance or performance of any material monetary obligation which exceeds, in the aggregate, $250,000 per fiscal quarter to be performed under the terms of the Franchise Agreement to which such Franchisee is a party, or any liability on account of any material representation or warranty given thereunder which may reasonably be expected to result in a Material Adverse Effect, without the prior written consent of the Collateral Agent; (iii) amend, supplement or terminate any Franchise Agreement, without the prior written consent of the Collateral Agent, except, in the case of subsections (ii) and (iii), for such waivers, releases, or

amendments, supplements or terminations (as applicable) which, individually or in the aggregate, have not had and could not reasonably be expected to result in a Material Adverse Effect; or (iv) terminate and permanently close more than twenty five (25) Franchised Locations during any Fiscal Year or fifty (50) Franchised Locations in the aggregate after the Effective Date. For the avoidance of doubt, a Franchised Location will not be deemed "permanently closed" for purposes of the preceding clause (iv) if such Franchised Location is re-opened for business by either a Loan Party or a Franchisee within thirty (30) days after the date on which it was closed.

(p) Properties. Permit any material portion of any property to become a fixture with respect to real property for which a Loan Party is a lessee under the applicable lease agreement or to become an accession with respect to other personal property with respect to which real or personal property the Collateral Agent does not have a valid and perfected first priority Lien (subject to Permitted Liens) or has not used commercially reasonable efforts to obtain a written subordination or waiver in accordance with Section 7.01(m).

(q) ERISA. Except where any failure to comply could not reasonably be expected to result in a Material Adverse Effect: (i) Engage, or permit any Subsidiary to engage, in any transaction described in Section 4069 of ERISA; (ii) engage in any prohibited transaction described in Section 406 of ERISA or Section 4975 of the Internal Revenue Code for which a statutory or class exemption is not available or a private exemption has not previously been obtained from the U.S. Department of Labor; (iii) adopt any employee welfare benefit plan within the meaning of Section 3(1) of ERISA that provides health or welfare benefits to employees after termination of employment other than as required by Section 601 of ERISA or applicable law or as could not reasonably be expected to give rise to any material liability for any Loan Party; (iv) fail to make any contribution or payment to any Multiemployer Plan that it may be required to make under any agreement relating to such Multiemployer Plan, or any law pertaining thereto; or (v) fail, or permit any ERISA Affiliate to fail, to pay any required installment or any other payment required under Section 412 of the Internal Revenue Code on or before the due date for such installment or other payment.

(r) Environmental. Permit the use, handling, generation, storage, treatment, Release or disposal of Hazardous Materials at any property owned or leased by it or any of its Subsidiaries, except in compliance in all material respects with Environmental Laws.

(s) [Intentionally Omitted].

(t) Parent as Holding Company. Permit the Parent to incur any Indebtedness for borrowed money (other than Indebtedness arising under the Loan Documents), own or acquire any assets (other than the Equity Interests of other Loan Parties and Subsidiaries or any assets incidental thereto and other assets with de minimis fair market value) or engage itself in any operations or business (other than actions required for compliance with, or are expressly permitted under, the Loan Documents, activities in connection with or in preparation for an initial public offering, entry into and performance of the Tax Receivable Agreement, including pursuant to any early termination thereof and other activities incidental to being a holding company).

(u) Amendments to Material Contracts. Agree to any material amendment or other material change to or material waiver of any of its rights under any Material Contract in any manner that, taken as whole, would be materially adverse to the interests of any Loan Party or the Lenders.

(v) Limitations on Negative Pledges. Enter into, incur or permit to exist, or permit any Subsidiary to enter into, incur or permit to exist, directly or indirectly, any agreement, instrument, deed, lease or other arrangement that prohibits, restricts or imposes any condition upon the ability of any Loan Party or any Subsidiary of any Loan Party to create, incur or permit to exist any Lien (other than Permitted Liens) in favor of the Agents or the Lenders upon any of its property or revenues, whether now owned or hereafter acquired, except the following: (i) this Agreement, the other Loan Documents, and any other agreement or document evidencing Subordinated Indebtedness, (ii) restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by Section 7.02(b) of this Agreement or that expressly permits Liens for the benefit of the Lenders and the Agents with respect to the Loans and the Obligations under the Loan Documents on a senior basis without the requirement that such holders of such Indebtedness be secured by such Liens on an equal and ratable basis, (iii) arise pursuant to applicable Requirements of Law, or arise in connection with any Disposition permitted by Section 7.02(c) and is applicable solely to the property subject to such Disposition, (iv) customary restrictions in leases, subleases, licenses or asset sale agreements otherwise permitted hereby so long as such restrictions only relate to the assets subject thereto, and (v) customary provisions restricting assignment or transfer contained in any permit or license, issued by a Government Authority.

(w) Anti-Money Laundering and Anti-Terrorism Laws.

(i) None of the Covered Entities or agents, shall:

(A) conduct any business or engage in any transaction or dealing with or for the benefit of any Sanctioned Person, including the making or receiving of any contribution of funds, goods or services to, from or for the benefit of any Sanctioned Person in violation of any of the Anti-Money Laundering and Anti-Terrorism Laws;

(B) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked or subject to blocking pursuant to the OFAC Sanctions Programs in violation of any of the Anti-Money Laundering and Anti-Terrorism Laws;

(C) use any of the proceeds of the transactions contemplated by this Agreement to finance, promote or otherwise support in any manner (i) any Sanctioned Person or (ii) any illegal activity, including, without limitation, any violation of the Anti-Money Laundering and Anti-Terrorism Laws or any specified unlawful activity as that term is defined in the Money Laundering Control Act of 1986, 18 U.S.C. §§ 1956 and 1957; or

(D) violate, attempt to violate, or engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, any of the Anti-Money Laundering and Anti-Terrorism Laws.

(ii) None of the Loan Parties, nor any Covered Entity of any of the Loan Parties, nor any officer, director or principal shareholder or owner of any of the Loan

Parties, nor any of the Loan Parties' respective agents acting or benefiting in any capacity in connection with the Loans or other transactions hereunder, shall be or shall become a Sanctioned Person.

(x) Anti-Bribery and Anti-Corruption Laws. None of the Loan Parties shall offer, promise, pay, give, or authorize the payment or giving of any money, gift or other thing of value, directly or indirectly, to or for the benefit of any Foreign Official for the purpose of: (1) influencing any act or decision of such Foreign Official in his, her, or its official capacity; or (2) inducing such Foreign Official to do, or omit to do, an act in violation of the lawful duty of such Foreign Official, or (3) securing any improper advantage, in order to obtain or retain business for, or with, or to direct business to, any Person.

(y) Accounting Methods. Significantly modify or change, or permit any of its Subsidiaries to significantly modify or change, its method of accounting or accounting principles from those utilized in the preparation of the Financial Statements (other than as may be required to conform to GAAP).

Section 7.03 Financial Covenant. So long as any principal of or interest on any Loan or any other Obligation (whether or not due, but excluding unasserted contingent indemnification Obligations) shall remain unpaid or any Lender shall have any Commitment hereunder, each Loan Party shall not, unless the Required Lenders shall otherwise consent in writing:

(a) Total Leverage Ratio.

(i) Commencing with the fiscal quarter ending March 31, 2020, at any time prior to the funding of the Delayed Draw Term Loan, permit the Total Leverage Ratio of the Parent and its Subsidiaries (on a consolidated basis) for each period of four (4) consecutive fiscal quarters of the Parent and its Subsidiaries (on a consolidated basis) for which the last quarter ends on a date set forth below to be greater than the applicable ratio set forth below opposite such date:

Fiscal Quarter End	Total Leverage Ratio
~~March 31, 2020~~	~~3.30:1.00~~
June 30, 2020	~~3.45~~5.00:1.00
September 30, 2020	~~3.70~~7.81:1.00
December 31, 2020	~~3.97~~17.10:1.00
March 31, 2021	~~3.73~~24.08:1.00
June 30, 2021	~~3.38~~11.24:1.00
September 30, 2021	~~3.57~~6.74:1.00

Fiscal Quarter End	Total Leverage Ratio
December 31, 2021	~~3.06~~4.91:1.00
March 31, 2022	~~2.72~~4.61:1.00
June 30, 2022	~~2.45~~4.43:1.00
September 30, 2022	4.25:1.00
December 31, 2022	4.00:1.00
~~September 30, 2022~~March 31, 2023 and each fiscal quarter ended thereafter	~~2.5~~3.00:1.00

(ii) Commencing with the fiscal quarter in which the funding of the Delayed Draw Term Loan has occurred, permit the Total Leverage Ratio of the Parent and its Subsidiaries (on a consolidated basis) for each period of four (4) consecutive fiscal quarters of the Parent and its Subsidiaries (on a consolidated basis) for which the last quarter ends on a date set forth below to be greater than the applicable ratio set forth below opposite such date:

Fiscal Quarter End	Total Leverage Ratio
March 31, 2020	3.57:1.00
June 30, 2020	3.72:1.00
September 30, 2020	4.00:1.00
December 31, 2020	4.29:1.00
March 31, 2021	4.03:1.00
June 30, 2021	3.66:1.00
September 30, 2021	3.85:1.00
December 31, 2021	3.30:1.00
March 31, 2022	2.94:1.00
June 30, 2022	2.65:1.00
September 30, 2022 and each fiscal quarter ended thereafter	2.50:1.00

(iii) Notwithstanding anything contained in this Agreement to the contrary, CARES Act Indebtedness shall be disregarded for all purposes of calculating the Total Leverage Ratio pursuant to this Agreement; provided, that any portion of such CARES Act Indebtedness that is not forgiven pursuant to, and in accordance with the CARES Act, (x) shall not be so disregarded and (y) shall be deemed to have been incurred as of the date of the funding of such CARES Act Indebtedness, in each case, for the purposes of calculating the Total Leverage Ratio pursuant to this Agreement.

ARTICLE VIII

CASH MANAGEMENT AND OTHER COLLATERAL MATTERS

Section 8.01 Cash Management Arrangements. (a) Subject to clause (d) below, the Loan Parties shall establish and maintain cash management services of a type that is substantially consistent with past practice or on terms reasonably satisfactory to the Agents at one or more of the banks set forth on Schedule 8.01 (each a "Cash Management Bank") solely in connection with the Cash Management Accounts.

(b) Subject to Section 7.01(s), the Loan Parties shall with respect to each Cash Management Account (other than an Excluded Account), deliver to the Collateral Agent a shifting Account Control Agreement with respect to such Cash Management Account. At all times prior to the occurrence of an Event of Default, the Loan Parties shall have full access to the cash on deposit in the Cash Management Accounts, and the Collateral Agent agrees not to deliver a control notice or take any other action to control the Cash Management Accounts unless and until an Event of Default has occurred and is continuing. The Collateral Agent further agrees that if an Event of Default is waived by the Required Lenders, the Collateral Agent shall provide notice to the Cash Management Bank and take all other commercially reasonable actions necessary to revert control of such Cash Management Accounts to the Loan Parties.

(c) Upon the terms and subject to the conditions set forth in an Account Control Agreement with respect to a Cash Management Account, all amounts received in such Cash Management Account shall at the Administrative Agent's direction be wired each Business Day into the Administrative Agent's Account, except that, so long as no Event of Default has occurred and is continuing, the Administrative Agent will not direct the Cash Management Bank to transfer funds in such Cash Management Account to the Administrative Agent's Account.

(d) So long as no Event of Default has occurred and is continuing, the Borrowers may amend Schedule 8.01 to add or replace a Cash Management Bank or Cash Management Account; provided, however, that prior to the date that is sixty (60) days following the date of the opening of such Cash Management Account, each Loan Party and such prospective Cash Management Bank shall have executed and delivered to the Collateral Agent an Account Control Agreement.

ARTICLE IX

EVENTS OF DEFAULT

Section 9.01 Events of Default. If any of the following Events of Default shall occur and be continuing:

(a) any Borrower shall fail to pay (i) any principal of any Loan or any Agent Advance when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), or (ii) any interest on any Loan or any Agent Advance or any fee, indemnity or other amount payable under this Agreement or any other Loan Document when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure to pay any amount described in clause (ii) shall continue for three (3) Business Days;

(b) any representation or warranty made by any Loan Party or by any officer of the foregoing under or in connection with any Loan Document or under or in connection with any report, certificate or other document delivered to any Agent or any Lender pursuant to any Loan Document, which representation or warranty is subject to a materiality or a Material Adverse Effect qualification, shall have been incorrect in any respect when made; or any representation or warranty made by any Loan Party or by any officer of the foregoing under or in connection with any Loan Document or under or in connection with any report, certificate or other document delivered to any Agent or any Lender pursuant to any Loan Document, which representation or warranty is not subject to a materiality or a Material Adverse Effect qualification, shall have been incorrect in any material respect when made;

(c) any Loan Party shall fail to perform or comply with (i) any covenant or agreement contained in subsections (a), (d) (with respect to the Loan Parties) and (f) of Section 7.01, or any covenant or agreement contained in Section 7.02, Section 7.03 (provided, that it is expressly understood and agreed that any breach of Section 7.03 is subject to the provisions of Section 9.02 and the cure right set forth therein) or ARTICLE VIII, (ii) any covenant or agreement contained in subsections (b), (h), (l), (n), (p) and (q) of Section 7.01, and such failure, if capable of being remedied, shall remain unremedied for a period of fifteen (15) Business Days after the earlier of the date a senior officer of any Loan Party becomes aware of such failure and the date written notice of such default shall been given by any Agent to such Loan Party;

(d) any Loan Party shall fail to perform or comply with any other term, covenant or agreement contained in any Loan Document to be performed or observed by it and, except as set forth in subsections (a), (b) and (c) of this Section 9.01, such failure, if capable of being remedied, shall remain unremedied for thirty (30) days after the earlier of the date a senior officer of any Loan Party becomes aware of such failure and the date written notice of such default shall have been given by any Agent to such Loan Party;

(e) any Loan Party or any of its Subsidiaries (other than an Immaterial Subsidiary) shall fail to pay any of its Indebtedness (excluding Indebtedness evidenced by this Agreement) having an aggregate principal amount outstanding in excess of $1,500,000 (plus any applicable interest and legal costs and expenses incurred in connection therewith), or any payment of principal, interest or premium thereon, when due (whether by scheduled maturity, required

prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace or cure period (it being agreed that the minimum grace period for any non-accelerated Indebtedness shall be ten (10) Business Days), if any, specified in the agreement or instrument relating to such Indebtedness, or any other default under any agreement or instrument relating to any such Indebtedness, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased or an offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case, prior to the stated maturity thereof;

(f) any Loan Party or any of its Subsidiaries (other than an Immaterial Subsidiary) (i) shall institute any proceeding or voluntary case seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, (ii) shall be generally not paying its debts as such debts become due or shall admit in writing its inability to pay its debts generally, (iii) shall make a general assignment for the benefit of creditors, or (iv) shall take any action to authorize or effect any of the actions set forth above in this subsection (f);

(g) any proceeding shall be instituted against any Loan Party or any of its Subsidiaries (other than an Immaterial Subsidiary) seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, and either such proceeding shall remain undismissed or unstayed for a period of sixty (60) days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against any such Person or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property) shall occur;

(h) any material provision of any Loan Document shall at any time for any reason (other than pursuant to the express terms thereof or solely as a result of an action or failure to act on the part of the Agents) cease to be valid and binding on or enforceable against any Loan Party intended to be a party thereto, or the validity or enforceability thereof shall be contested by any Loan Party that is a party thereto, or a proceeding shall be commenced by any such Loan Party or any Governmental Authority having jurisdiction over any of them, seeking to establish the invalidity or unenforceability thereof, or any Loan Party shall deny in writing that it has any liability or obligation purported to be created under any Loan Document;

(i) any Security Agreement, any Mortgage or any other security document, after delivery thereof pursuant hereto, shall for any reason (other than release by the Collateral Agent pursuant to the terms hereof or thereof or the failure of the Agents to make required filings or take required actions based on accurate information timely provided by the Loan

Parties) fail or cease to create a valid and perfected and, except to the extent permitted by the terms hereof or thereof, first priority Lien in favor of the Collateral Agent for the benefit of the Agents and the Lenders on any Collateral with a fair market value of more than $1,500,000 in the aggregate purported to be covered thereby;

(j) [Intentionally Omitted];

(k) one or more judgments, orders or awards (or any settlement of any litigation or other proceeding that, if breached, could without further action by any court result in a judgment, order or award) for the payment of money exceeding $1,500,000 in the aggregate, shall be rendered against any Loan Party or any of its Subsidiaries (other than an Immaterial Subsidiary) and remain unpaid, undischarged or unsatisfied and either (i) enforcement proceedings shall have been commenced by any creditor upon any such judgment, order, award or settlement, (ii) there shall be a period of thirty (30) consecutive days after entry thereof during which a stay of enforcement of any such judgment, order, award or settlement, by reason of a pending appeal or otherwise, shall not be in effect, or (iii) at any time during which a stay of enforcement of any such judgment, order, award or settlement, by reason of a pending appeal or otherwise, is in effect, such judgment, order, award or settlement is not bonded in the full amount of such judgment, order, award or settlement; provided, however, that any such judgment, order, award or settlement shall not give rise to an Event of Default under this subsection (k) if and for so long as (A) the amount of such judgment, order, award or settlement is covered by a valid and binding policy of insurance between the defendant and the insurer covering full payment thereof (other than any deductible) or an amount sufficient to lower the exposure below $1,500,000 and (B) such insurer has been notified, and has not disputed the claim made for payment, of the amount of such judgment, order, award or settlement;

(l) any Loan Party or any of its Subsidiaries (other than an Immaterial Subsidiary) is enjoined, restrained or in any way prevented by the order of any court or any Governmental Authority from conducting all or any material part of its business for more than thirty (30) consecutive days if such injunction, restraint or other prevention could reasonably be expected to result in a Material Adverse Effect;

(m) the loss, suspension or revocation of, or failure to renew, any material license or material permit now held or hereafter acquired by any Loan Party or any of its Subsidiaries (other than an Immaterial Subsidiary), if such loss, suspension, revocation or failure to renew could reasonably be expected to have a Material Adverse Effect;

(n) the indictment, of any Loan Party or any of its Subsidiaries (other than Immaterial Subsidiaries) under any criminal statute, or commencement of criminal or civil proceedings against any Loan Party or any of its Subsidiaries (other than Immaterial Subsidiaries), pursuant to which statute or proceedings the penalties or remedies sought or available include forfeiture to any Governmental Authority of any material portion of the Collateral of such Person if such criminal or civil proceedings could reasonably be expected to have a Material Adverse Effect;

(o) any Loan Party or any of its ERISA Affiliates shall have made a complete or partial withdrawal from a Multiemployer Plan (as such term is defined in Part I of

Subtitle E of Title IV of ERISA), and, as a result of such complete or partial withdrawal, any Loan Party is reasonably expected to be required to pay a withdrawal liability in an annual amount exceeding $2,500,000 in the aggregate; or a Multiemployer Plan enters reorganization status under Section 4241 of ERISA, and, as a result thereof any Loan Party is reasonably expected to be required to pay annual contributions with respect to such Multiemployer Plan in an annual amount exceeding $2,500,000 in the aggregate;

(p) any Termination Event with respect to any Employee Plan shall have occurred, and, thirty (30) days after notice thereof shall have been given to any Loan Party by any Agent, (i) such Termination Event (if correctable) shall not have been corrected, and (ii) the then current value of such Employee Plan's vested benefits exceeds the then current value of assets allocable to such benefits in such Employee Plan by more than $2,500,000 in the aggregate (or, in the case of a Termination Event involving liability under Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 4971 or 4975 of the Internal Revenue Code, the liability is in excess of such amount) and, in the case of clauses (i) or (ii), any Loan Party is reasonably expected to be required to fund or pay such liability; ~~or~~

(q) a Change of Control shall have occurred; or

(r) a Sponsor Guaranty Event of Default shall have occurred and be continuing;

then, and in any such event and anytime thereafter during the continuance of such event, the Collateral Agent may, and shall at the request of the Required Lenders, by notice to the Administrative Borrower, (i) terminate or reduce all Commitments, whereupon all Commitments shall immediately be so terminated or reduced, (ii) declare all or any portion of the Loans then outstanding to be due and payable, whereupon all or such portion of the aggregate principal of all Loans, all accrued and unpaid interest thereon, all fees and all other amounts payable under this Agreement and the other Loan Documents shall become due and payable immediately, together with the payment of the Applicable Prepayment Premium (if any) with respect to the Commitments so terminated and the Loans so repaid, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by each Loan Party and (iii) exercise any and all of its other rights and remedies under applicable law, hereunder and under the other Loan Documents; provided, however, that upon the occurrence of any Event of Default described in subsection(f) or (g) of this Section 9.01 with respect to any Loan Party, without any notice to any Loan Party or any other Person or any act by any Agent or any Lender, all Commitments shall automatically terminate and all Loans then outstanding, together with all accrued and unpaid interest thereon, all fees and all other amounts due under this Agreement and the other Loan Documents shall become due and payable automatically and immediately, without presentment, demand, protest or notice of any kind, all of which are expressly waived by each Loan Party. The Loan Parties expressly waive the provisions of any present or future statute of or law that prohibits or may prohibit the collection of the foregoing Applicable Prepayment Premium in connection with any acceleration.

Section 9.02 Cure Right. In the event that the Borrowers fail to comply with the requirements of the financial covenant set forth in Section 7.03 (a "Curable Default"), until the expiration of the 10th Business Day after the date on which financial statements are required to be

delivered with respect to the applicable fiscal quarter (the "Required Contribution Date"), (i) the Parent shall have the right to issue Permitted Cure Equity for cash or otherwise receive cash contributions to the capital of the Parent, and, in each case, to contribute any such contributions to the capital of the Borrowers or (ii) the Loan Parties and/or their Permitted Holders cause a contribution to be made in the form of Subordinated Indebtedness issued by any Loan Party, and in each case with respect to clauses (i) and (ii), apply the amount of the proceeds thereof to increase Consolidated EBITDA with respect to such applicable quarter (the "Cure Right"); provided that (a) such proceeds are actually received by the Borrowers no later than 10 Business Days after the date on which financial statements are required to be delivered with respect to such fiscal quarter hereunder, (b) such proceeds do not exceed the aggregate amount necessary to cure (by addition to Consolidated EBITDA) such Event of Default under Section 7.03 for such period, (c) the Cure Right shall not be exercised more than two times in any four fiscal quarter period and five times during the term of the Loans, (d) the Cure Right shall not be exercised in consecutive fiscal quarters, (e) such proceeds (1) for any individual Cure Right shall not exceed 20% of Consolidated EBITDA for the most recent trailing four fiscal quarter period for which financial statements and a Compliance Certificate have been delivered pursuant to Section 7.01(a)(i) and (iv) and (2) in the aggregate for all Cure Rights during the term of this Agreement shall not exceed $10,000,000, and (f) such proceeds shall be applied to prepay the Loans in accordance with Section 2.05(c)(ix). Until the Required Contribution Date, neither Agent nor any Lender shall impose the Post-Default Rate, accelerate the Obligations, terminate the Revolving Credit Commitment or exercise any enforcement remedy against the Loan Parties or any of their Subsidiaries or any of their respective properties solely as a result of the existence of the applicable Curable Default. If, after giving effect to the foregoing pro forma adjustment (but not, for the avoidance of doubt, giving pro forma adjustment to any repayment of Indebtedness in connection therewith), the Borrowers are in compliance with the financial covenant set forth in Section 7.03, the Borrowers shall be deemed to have satisfied the requirements of such Section as of the relevant date of determination with the same effect as though there had been no failure to comply on such date, and the applicable breach or default of such Section 7.03 that had occurred shall be deemed cured for purposes of this Agreement. The parties hereby acknowledge that this Section may not be relied on for purposes of calculating any financial ratios other than as applicable to Section 7.03 and shall not result in any adjustment to any amounts other than the amount of the Consolidated EBITDA referred to in the immediately preceding sentence; provided that such adjustment to the amount of the Consolidated EBITDA shall apply to subsequent calculations under Section 7.03 measuring such fiscal quarter with respect to which the Cure Right was exercised. Notwithstanding anything to the contrary contained in this Section 9.02, during the period commencing on the First Amendment Effective Date until the Agents and the Lenders have received financial statements and a Compliance Certificate pursuant to Section 7.01(a)(i) and (iv) for the covenant testing period ending on December 31, 2022, the Loan Parties shall be permitted to exercise the Cure Right one time with respect to any Curable Default; provided, that (A) the minimum amount of proceeds funded with respect to such Cure Right shall be the greater of (x) $2,500,000 and (y) 2 times the amount necessary to cure (by addition to Consolidated EBITDA) such Event of Default under Section 7.03 for such period, (B) the entire amount of such proceeds shall be applied to prepay the Loans in accordance with Section 2.05(c)(ix) and (C) the portion of such proceeds added to Consolidated EBITDA shall not exceed the aggregate amount necessary to cure (by addition to Consolidated EBITDA) such Event of Default under Section 7.03 for such period. For the avoidance of doubt, the First Amendment Contribution (as defined in the First Amendment) shall not constitute the exercise of a Cure Right for purposes of this Agreement and the other Loan Documents.

ARTICLE X

AGENTS

Section 10.01 Appointment. Each Lender (and each subsequent maker of any Loan by its making thereof) hereby irrevocably appoints, authorizes and empowers the Administrative Agent and the Collateral Agent to perform the duties of each such Agent as set forth in this Agreement and the other Loan Documents, together with such actions and powers as are reasonably incidental thereto, including: (i) to receive on behalf of each Lender any payment of principal of or interest on the Loans outstanding hereunder and all other amounts accrued hereunder for the account of the Lenders and paid to such Agent, and, subject to Section 2.02 of this Agreement, to distribute promptly to each Lender its Pro Rata Share of all payments so received; (ii) to distribute to each Lender copies of all material notices and agreements received by such Agent and not required to be delivered to each Lender pursuant to the terms of this Agreement, provided that the Agents shall not have any liability to the Lenders for any Agent's inadvertent failure to distribute any such notices or agreements to the Lenders; (iii) to maintain, in accordance with its customary business practices, ledgers and records reflecting the status of the Obligations, the Loans, and related matters and to maintain, in accordance with its customary business practices, ledgers and records reflecting the status of the Collateral and related matters; (iv) to execute (subject to Section 12.02 of this Agreement) or file any and all financing or similar statements or notices, amendments, renewals, supplements, documents, instruments, proofs of claim, notices and other written agreements with respect to this Agreement or any other Loan Document; (v) to make the Loans and Agent Advances, for such Agent or on behalf of the applicable Lenders as provided in this Agreement or any other Loan Document; (vi) to perform, exercise, and enforce any and all other rights and remedies of the Lenders with respect to the Loan Parties, the Obligations, or otherwise related to any of same to the extent reasonably incidental to the exercise by such Agent of the rights and remedies specifically authorized to be exercised by such Agent by the terms of this Agreement or any other Loan Document; (vii) to incur and pay such fees necessary or appropriate for the performance and fulfillment of its functions and powers pursuant to this Agreement or any other Loan Document; and (viii) subject to Section 10.03 of this Agreement, to take such action as such Agent deems appropriate on its behalf to administer the Loans and the Loan Documents and to exercise such other powers delegated to such Agent by the terms hereof or the other Loan Documents (including, without limitation, the power to give or to refuse to give notices, waivers, consents, approvals and instructions and the power to make or to refuse to make determinations and calculations) together with such powers as are reasonably incidental thereto to carry out the purposes hereof and thereof. As to any matters not expressly provided for by this Agreement and the other Loan Documents (including, without limitation, enforcement or collection of the Loans), the Agents shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions of the Required Lenders shall be binding upon all Lenders and all makers of Loans; provided, however, that the Agents shall not be required to take any action which, in the reasonable opinion of any Agent, exposes such Agent to liability or which is contrary to this Agreement or any other Loan Document or applicable law.

Section 10.02 Nature of Duties; Delegation. (a) The Agents shall have no duties or responsibilities except those expressly set forth in this Agreement or in the other Loan Documents. The duties of the Agents shall be mechanical and administrative in nature. The Agents shall not have by reason of this Agreement or any other Loan Document a fiduciary relationship in respect of any Lender. Nothing in this Agreement or any other Loan Document, express or implied, is intended to or shall be construed to impose upon the Agents any obligations in respect of this Agreement or any other Loan Document except as expressly set forth herein or therein. Each Lender shall make its own independent investigation of the financial condition and affairs of the Loan Parties in connection with the making and the continuance of the Loans hereunder and shall make its own appraisal of the creditworthiness of the Loan Parties and the value of the Collateral without reliance upon the Administrative Agent or any other Lender or any of their Related Parties, and neither the Agents nor any of their Related Parties shall have any duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into their possession before the initial Loan hereunder or at any time or times thereafter, provided that, upon the reasonable request of a Lender, each Agent shall provide to such Lender any documents or reports delivered to such Agent by the Loan Parties pursuant to the terms of this Agreement or any other Loan Document. If any Agent seeks the consent or approval of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents) to the taking or refraining from taking any action hereunder, such Agent shall send notice thereof to each Lender. Each Agent shall promptly notify each Lender any time that the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents) have instructed such Agent to act or refrain from acting pursuant hereto.

(a) Each Agent may, upon any term or condition it specifies, delegate or exercise any of its rights, powers and remedies under, and delegate or perform any of its duties or any other action with respect to, any Loan Document by or through any of its Related Parties or any other trustee, co-agent or Person (including any Lender). Any such Related Party, trustee,co- agent and other Person shall benefit from this ARTICLE X to the extent provided by the applicable Agent.

Section 10.03 Rights, Exculpation, Etc. The Agents and their Related Parties shall not be liable for any action taken or omitted to be taken by them under or in connection with this Agreement or the other Loan Documents, except for their own gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction. Without limiting the generality of the foregoing, the Agents (i) may treat the payee of any Loan as the owner thereof until the Agents receive written notice of the assignment or transfer thereof, pursuant to Section 12.07 hereof, signed by such payee and in form reasonably satisfactory to the Agents; (ii) may consult with legal counsel (including, without limitation, counsel to any Agent or counsel to the Loan Parties), independent public accountants, and other experts selected by any of them and shall not be liable for any action taken or omitted to be taken in good faith by any of them in accordance with the advice of such counsel or experts; (iii) make no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, certificates, warranties or representations made in or in connection with this Agreement or the other Loan Documents; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or the other Loan Documents on the part of any Person, the existence or possible existence of any Default or Event

of Default, or to inspect the Collateral or other property (including, without limitation, the books and records) of any Person; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; and (vi) shall not be deemed to have made any representation or warranty regarding the existence, value or collectibility of the Collateral, the existence, priority or perfection of the Collateral Agent's Lien thereon, or any certificate prepared by any Loan Party in connection therewith, nor shall the Agents be responsible or liable to the Lenders for any failure to monitor or maintain any portion of the Collateral. The Agents shall not be liable for any apportionment or distribution of payments made in good faith pursuant to Section 4.04, and if any such apportionment or distribution is subsequently determined to have been made in error the sole recourse of any Lender to whom payment was due but not made, shall be to recover from other Lenders any payment in excess of the amount which they are determined to be entitled. The Agents may at any time request instructions from the Lenders with respect to any actions or approvals which by the terms of this Agreement or of any of the other Loan Documents the Agents are permitted or required to take or to grant, and if such instructions are promptly requested, the Agents shall be absolutely entitled to refrain from taking any action or to withhold any approval under any of the Loan Documents until they shall have received such instructions from the Required Lenders (unless unanimity is required). Without limiting the foregoing, no Lender shall have any right of action whatsoever against any Agent as a result of such Agent acting or refraining from acting under this Agreement or any of the other Loan Documents in accordance with the instructions of the Required Lenders (unless unanimity is required).

Section 10.04 Reliance. Each Agent shall be entitled to rely upon any written notices, statements, certificates, orders or other documents or any telephone message believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person, and with respect to all matters pertaining to this Agreement or any of the other Loan Documents and its duties hereunder or thereunder, upon advice of counsel selected by it.

Section 10.05 Indemnification. To the extent that any Agent or any Related Party of the foregoing is not reimbursed and indemnified by any Loan Party, the Lenders will reimburse and indemnify such Agent and such Related Parties from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, advances or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against such Agent and such Related Parties in any way relating to or arising out of this Agreement or any of the other Loan Documents or any action taken or omitted by such Agent and such Related Parties under this Agreement or any of the other Loan Documents, in proportion to each Lender's Pro Rata Share (including, for the avoidance of doubt, that such Pro Rata Share shall include the Affiliated Lender's share of Loans held or deemed to be held by such Affiliated Lender), including, without limitation, advances and disbursements made pursuant to Section 10.08; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, advances or disbursements for which there has been a final non-appealable judicial determination that such liability resulted from such Agent's or such Related Parties gross negligence or willful misconduct. The obligations of the Lenders under this Section 10.05 shall survive the payment in full of the Loans and the termination of this Agreement.

Section 10.06 Agents Individually. With respect to its Pro Rata Share of the Total Commitment hereunder and the Loans made by it, each Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein, any other Lender or maker of a Loan. The terms "Lenders" or "Required Lenders" or any similar terms shall, unless the context clearly otherwise indicates, include each Agent in its individual capacity as a Lender or one of the Required Lenders. Each Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with any Borrower as if it were not acting as an Agent pursuant hereto without any duty to account to the other Lenders.

Section 10.07 Successor Agent. (a) Any Agent may at any time give at least 30 days prior written notice of its resignation to the Lenders and the Administrative Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Administrative Borrower, to appoint a successor Agent. If no such successor Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Agent may (but shall not be obligated to), on behalf of the Lenders, appoint a successor Agent. Whether or not a successor Agent has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) With effect from the Resignation Effective Date, (i) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any Collateral held by such Agent on behalf of the Lenders under any of the Loan Documents, the retiring Agent shall continue to hold such collateral security until such time as a successor Agent is appointed) and (ii) all payments, communications and determinations provided to be made by, to or through such retiring Agent shall instead be made by or to each Lender directly, until such time, if any, as a successor Agent shall have been appointed as provided for above. Upon the acceptance of a successor's Agent's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. After the retiring Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article, Section 12.04 and Section 12.05 shall continue in effect for the benefit of such retiring Agent, its sub- agents and their respective Related Parties in respect of any actions taken or omitted to be taken by it while the retiring Agent was acting as Agent.

Section 10.08 Collateral Matters.

(a) Either Agent may from time to time while an Event of Default has occurred and is continuing make such disbursements and advances ("Agent Advances") which such Agent, in its sole discretion, deems necessary or desirable to preserve, protect, prepare for sale or lease or dispose of the Collateral or any portion thereof, to enhance the likelihood or maximize the amount of repayment by the Borrowers of the Loans and other Obligations or to pay any other amount chargeable to the Borrowers pursuant to the terms of this Agreement, including, without limitation, costs, fees and expenses as described in Section 12.04; provided that the aggregate outstanding amount of the Agent Advances shall not exceed $2,000,000 at any time.

The Agent Advances shall be repayable on demand and be secured by the Collateral and shall bear interest at a rate per annum equal to the rate then applicable to Revolving Loans that are Reference Rate Loans. The Agent Advances shall constitute Obligations hereunder which may be charged to the Loan Account in accordance with Section 4.02. Each Agent making an Agent Advance shall notify the other Agent, each Lender and the Administrative Borrower in writing of each such Agent Advance, which notice shall include a description of the purpose of such Agent Advance. Without limitation to its obligations pursuant to Section 10.05, each Lender agrees that it shall make available to such Agent, upon such Agent's demand, in Dollars in immediately available funds, the amount equal to such Lender's Pro Rata Share of each such Agent Advance. If such funds are not made available to such Agent by such Lender, such Agent shall be entitled to recover such funds on demand from such Lender, together with interest thereon for each day from the date such payment was due until the date such amount is paid to such Agent, at the Federal Funds Effective Rate for three (3) Business Days and thereafter at the Reference Rate.

(b) The Lenders hereby irrevocably authorize the Collateral Agent to (1) release any Lien granted to or held by the Collateral Agent upon any Collateral (i) in accordance with the express terms of the Loan Documents; (ii) upon termination of the Total Commitment and payment and satisfaction of all Loans and all other Obligations in accordance with the terms hereof; or (iii) (x) constituting property being sold or disposed of in the ordinary course of any Loan Party's business and otherwise in compliance with the terms of this Agreement and the other Loan Documents; (y) constituting property in which the Loan Parties owned no interest at the time the Lien was granted or at any time thereafter; or (z) if approved, authorized or ratified in writing by the Lenders or (2) subordinate any Lien on any property granted to or sold by the Collateral Agent to the holder of any Lien on property that is permitted to be subordinated pursuant to the definition of "Permitted Liens". Upon request by the Collateral Agent at any time, the Lenders shall confirm in writing the Collateral Agent's authority to release or subordinate particular types or items of Collateral pursuant to this Section 10.08(b).

(c) Without in any manner limiting the Collateral Agent's authority to act without any specific or further authorization or consent by the Lenders (as set forth in Section 10.08(b)), each Lender agrees to confirm in writing, upon request by the Collateral Agent, the authority to release or subordinate Collateral conferred upon the Collateral Agent under Section 10.08(b). Upon receipt by the Collateral Agent of confirmation from the Lenders of its authority to release or subordinate any particular item or types of Collateral, and upon prior written request by any Loan Party, the Collateral Agent shall (and is hereby irrevocably authorized by the Lenders to) execute such documents as may be necessary to evidence the release of the Liens granted to the Collateral Agent for the benefit of the Agents and the Lenders upon such Collateral; provided, however, that (i) the Collateral Agent shall not be required to execute any such document on terms which, in the Collateral Agent's opinion, would expose the Collateral Agent to liability or create any obligations or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any Lien upon (or obligations of any Loan Party in respect of) all interests in the Collateral retained by any Loan Party.

(d) Anything contained in any of the Loan Documents to the contrary notwithstanding, the Loan Parties, each Agent and each Lender hereby agree that (i) no Lender shall have any right individually to realize upon any of the Collateral under any Loan Document

or to enforce any Guaranty, it being understood and agreed that all powers, rights and remedies under the Loan Documents may be exercised solely by the Collateral Agent for the benefit of the Lenders in accordance with the terms thereof, (ii) in the event of a foreclosure by the Collateral Agent on any of the Collateral pursuant to a public or private sale, the Administrative Agent, the Collateral Agent or any Lender may be the purchaser of any or all of such Collateral at any such sale and (iii) the Collateral Agent, as agent for and representative of the Agents and the Lenders (but not any other Agent or any Lender or Lenders in its or their respective individual capacities unless the Required Lenders shall otherwise agree in writing) shall be entitled (either directly or through one or more acquisition vehicles) for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral to be sold (A) at any public or private sale, (B) at any sale conducted by the Collateral Agent under the provisions of the Uniform Commercial Code (including pursuant to Sections 9-610 or 9-620 of the Uniform Commercial Code), (C) at any sale or foreclosure conducted by the Collateral Agent (whether by judicial action or otherwise) in accordance with applicable law or (D) any sale conducted pursuant to the provisions of any Debtor Relief Law (including Section 363 of the Bankruptcy Code), to use and apply all or any of the Obligations as a credit on account of the purchase price for any Collateral payable by the Collateral Agent at such sale.

(e) The Collateral Agent shall have no obligation whatsoever to any Lender to assure that the Collateral exists or is owned by the Loan Parties or is cared for, protected or insured or has been encumbered or that the Lien granted to the Collateral Agent pursuant to this Agreement or any other Loan Document has been properly or sufficiently or lawfully created, perfected, protected or enforced or is entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to the Collateral Agent in this Section 10.08 or in any other Loan Document, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, the Collateral Agent may act in any manner it may deem appropriate, in its sole discretion, given the Collateral Agent's own interest in the Collateral as one of the Lenders and that the Collateral Agent shall have no duty or liability whatsoever to any other Lender, except as otherwise provided herein.

Section 10.09 Agency for Perfection. Each Agent and each Lender hereby appoints each other Agent and each other Lender as agent and bailee for the purpose of perfecting the security interests in and liens upon the Collateral in assets which, in accordance with Article 9 of the Uniform Commercial Code, can be perfected only by possession or control (or where the security interest of a secured party with possession or control has priority over the security interest of another secured party) and each Agent and each Lender hereby acknowledges that it holds possession of or otherwise controls any such Collateral for the benefit of the Agents and the Lenders as secured party. Should the Administrative Agent or any Lender obtain possession or control of any such Collateral, the Administrative Agent or such Lender shall notify the Collateral Agent thereof, and, promptly upon the Collateral Agent's request therefor shall deliver such Collateral to the Collateral Agent or in accordance with the Collateral Agent's instructions. In addition, the Collateral Agent shall also have the power and authority hereunder to appoint such other sub-agents as may be necessary or required under applicable state law or otherwise to perform its duties and enforce its rights with respect to the Collateral and under the Loan Documents. Each Loan Party by its execution and delivery of this Agreement hereby consents to the foregoing.

Section 10.10 No Reliance on any Agent's Customer Identification Program. Each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on any Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other requirements imposed by the USA PATRIOT Act or the regulations issued thereunder, including the regulations set forth in 31 C.F.R. §§ 1010.100(yy), (iii), 1020.100, and 1020.220 (formerly 31 C.F.R. § 103.121), as hereafter amended or replaced ("CIP Regulations"), or any other Anti-Money Laundering and Anti-Terrorism Laws, including any programs involving any of the following items relating to or in connection with any of the Loan Parties, their Affiliates or their agents, the Loan Documents or the transactions hereunder or contemplated hereby: (1) any identity verification procedures, (2) any recordkeeping, (3) comparisons with government lists, (4) customer notices or (5) other procedures required under the CIP Regulations or other regulations issued under the USA PATRIOT Act. Each Lender, Affiliate, participant or assignee subject to Section 326 of the USA PATRIOT Act will perform the measures necessary to satisfy its own responsibilities under the CIP Regulations.

Section 10.11 No Third Party Beneficiaries. The provisions of this Article are solely for the benefit of the Secured Parties (including each Affiliated Lender), and no Loan Party shall have rights as a third-party beneficiary of any of such provisions.

Section 10.12 No Fiduciary Relationship. It is understood and agreed that the use of the term "agent" herein or in any other Loan Document (or any other similar term) with reference to any Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

By becoming a party to this Agreement, each Lender:

(a) is deemed to have requested that each Agent furnish such Lender, promptly after it becomes available, a copy of each inspection report with respect to the Parent or any of its Subsidiaries (each, a "Report") prepared by or at the request of such Agent, and each Agent shall so furnish each Lender with each such Report,

(b) expressly agrees and acknowledges that the Agents (i) do not make any representation or warranty as to the accuracy of any Reports, and (ii) shall not be liable for any information contained in any Reports,

(c) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that any Agent or other party performing any audit or examination will inspect only specific information regarding the Parent and its Subsidiaries and will rely significantly upon the Parent's and its Subsidiaries' books and records, as well as on representations of their personnel,

(d) agrees to keep all Reports and other material, non-public information regarding the Parent and its Subsidiaries and their operations, assets, and existing and contemplated business plans in a confidential manner in accordance with Section 12.20, and

(e) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold any Agent and any other Lender preparing a Report harmless from any action the indemnifying Lender may take or fail to take or any conclusion the indemnifying Lender may reach or draw from any Report in connection with any loans or other credit accommodations that the indemnifying Lender has made or may make to the Borrowers, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a loan or loans of the Borrowers, and (ii) to pay and protect, and indemnify, defend and hold any Agent and any other Lender preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including, attorneys' fees and costs) incurred by any such Agent and any such other Lender preparing a Report as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

Section 10.13 Collateral Custodian. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent or its designee may at any time and from time to time employ and maintain on the premises of any Loan Party a custodian selected by the Collateral Agent or its designee who shall have full authority to do all acts necessary to protect the Agents' and the Lenders' interests. Each Loan Party hereby agrees to, and to cause its Subsidiaries to, cooperate with any such custodian and to do whatever the Collateral Agent or its designee may reasonably request to preserve the Collateral. All costs and expenses incurred by the Collateral Agent or its designee by reason of the employment of the custodian shall be the responsibility of the Borrowers and charged to the Loan Account.

Section 10.14 Collateral Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Collateral Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether any Agent shall have made any demand on the Borrowers) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Secured Parties (including any claim for the compensation, expenses, disbursements and advances of the Secured Parties and their respective agents and counsel and all other amounts due to the Secured Parties hereunder and under the other Loan Documents) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Secured Party to make such payments to the Collateral Agent and, in the event that the Collateral Agent shall consent to the making of such payments directly to the Secured Parties, to pay to the Collateral Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Collateral Agent andits agents and counsel, and any other amounts due to the Collateral Agent hereunder and under the other Loan Documents.

ARTICLE XI
GUARANTY

Section 11.01 Guaranty. Each Guarantor hereby jointly and severally and unconditionally and irrevocably guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all Obligations of the Borrowers now or hereafter existing under any Loan Document, whether for principal, interest (including, without limitation, all interest that accrues after the commencement of any Insolvency Proceeding of any Borrower, whether or not a claim for post-filing interest is allowed in such Insolvency Proceeding), fees, commissions, expense reimbursements, indemnifications or otherwise (such obligations, to the extent not paid by the Borrowers, being the "Guaranteed Obligations"), and agrees to pay (without duplication of any amounts payable under Section 12.04) any and all reasonable and documented out-of-pocket expenses (including reasonable and documented out-of-pocket fees and expenses of one outside counsel and one local counsel in each relevant jurisdiction) incurred by the Agents and the Lenders in enforcing any rights under the guaranty set forth in this ARTICLE XI. Without limiting the generality of the foregoing, each Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by the Borrowers to the Agents and the Lenders under any Loan Document but for the fact that they are unenforceable or not allowable due to the existence of an Insolvency Proceeding involving any Borrower. Notwithstanding any of the foregoing, Guaranteed Obligations shall not include any Excluded Hedge Liabilities. In no event shall the obligation of any Guarantor hereunder exceed the maximum amount such Guarantor could guarantee under any bankruptcy, insolvency or other similar law.

Section 11.02 Guaranty Absolute. Each Guarantor jointly and severally guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Loan Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agents or the Lenders with respect thereto. Each Guarantor agrees that this ARTICLE XI constitutes a guaranty of payment when due and not of collection and waives any right to require that any resort be made by any Agent or any Lender to any Collateral. The obligations of each Guarantor under this ARTICLE XI are independent of the Guaranteed Obligations, and a separate action or actions may be brought and prosecuted against each Guarantor to enforce such obligations, irrespective of whether any action is brought against any Loan Party or whether any Loan Party is joined in any such action or actions. The liability of each Guarantor under this ARTICLE XI shall be irrevocable, absolute and unconditional irrespective of, and each Guarantor hereby irrevocably waives any defenses it may now or hereafter have in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of any Loan Document or any agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from any Loan Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Loan Party or otherwise;

(c) any taking, exchange, release or non-perfection of any Collateral, or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Guaranteed Obligations;

(d) the existence of any claim, set-off, defense or other right that any Guarantor may have at any time against any Person, including, without limitation, any Agent or any Lender;

(e) any change, restructuring or termination of the corporate, limited liability company or partnership structure or existence of any Loan Party; or

(f) any other circumstance (other than the defense of payment, but including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Agents or the Lenders that might otherwise constitute a defense available to, or a discharge of, any Loan Party or any other guarantor or surety.

This ARTICLE XI shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Agents, the Lenders or any other Person upon the insolvency, bankruptcy or reorganization of any Borrower or otherwise, all as though such payment had not been made.

Section 11.03 Waiver. Each Guarantor hereby waives (i) promptness and diligence, (ii) notice of acceptance and any other notice with respect to any of the Guaranteed Obligations and this ARTICLE XI and any requirement that the Agents or the Lenders exhaust any right or take any action against any Loan Party or any other Person or any Collateral, (iii) any right to compel or direct any Agent or any Lender to seek payment or recovery of any amounts owed under this ARTICLE XI from any one particular fund or source or to exhaust any right or take any action against any other Loan Party, any other Person or any Collateral, (iv) any requirement that any Agent or any Lender protect, secure, perfect or insure any security interest or Lien on any property subject thereto or exhaust any right to take any action against any Loan Party, any other Person or any Collateral, and (v) any other defense available to any Guarantor. Each Guarantor agrees that the Agents and the Lenders shall have no obligation to marshal any assets in favor of any Guarantor or against, or in payment of, any or all of the Obligations. Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated herein and that the waiver set forth in this Section 11.03 is knowingly made in contemplation of such benefits. Each Guarantor hereby waives any right to revoke this ARTICLE XI, and acknowledges that this ARTICLE XI is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

Section 11.04 Continuing Guaranty; Assignments. This ARTICLE XI is a continuing guaranty and shall (a) remain in full force and effect until the later of the payment in full of the Guaranteed Obligations (other than unasserted contingent indemnification Obligations) and the Final Maturity Date, (b) be binding upon each Guarantor, its successors and assigns and (c) inure to the benefit of and be enforceable by the Agents, and their successors, pledgees,

transferees and assigns. Without limiting the generality of the foregoing clause (c), any Lender may pledge, assign or otherwise transfer all or any portion of its rights and obligations under this Agreement (including, without limitation, all or any portion of its Commitments and its Loans owing to it) to any other Person to the extent otherwise permitted hereunder, and such other Person shall thereupon become vested with all the benefits in respect thereof granted such Lender herein or otherwise, in each case as provided in Section 12.07.

Section 11.05 Subrogation. No Guarantor will exercise any rights that it may now or hereafter acquire against any Loan Party or any other guarantor that arise from the existence, payment, performance or enforcement of such Guarantor's obligations under this ARTICLE XI, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Agents and the Lenders against any Loan Party or any other guarantor or any Collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Loan Party or any other guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security solely on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations (other than unasserted contingent indemnification Obligations) shall have been paid in full and the Final Maturity Date shall have occurred. If any amount shall be paid to any Guarantor in violation of the immediately preceding sentence at any time prior to the later of the payment in full of the Guaranteed Obligations (other than unasserted contingent indemnification Obligations) and the Final Maturity Date, such amount shall (A) to the extent Guaranteed Obligations are outstanding, be held in trust for the benefit of the Agents and the Lenders, as applicable, and shall forthwith be paid to the Agents and the Lenders, as applicable, to be credited and applied to such Guaranteed Obligations, in accordance with the terms of this Agreement or (B) promptly be returned to the party which paid such amount. If (i) any Guarantor shall make payment to the Agents and the Lenders of all or any part of the Guaranteed Obligations (other than unasserted contingent indemnification Obligations), (ii) all of the Guaranteed Obligations (other than unasserted contingent indemnification Obligations) shall be paid in full and (iii) the Final Maturity Date shall have occurred, the Agents and the Lenders will, at such Guarantor's request and expense, execute and deliver to such Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to such Guarantor of an interest in the Guaranteed Obligations resulting from such payment by such Guarantor.

Section 11.06 Contribution. All Guarantors desire to allocate among themselves, in a fair and equitable manner, their obligations arising under this Guaranty. Accordingly, in the event any payment or distribution is made on any date by a Guarantor under this Guaranty such that its Aggregate Payments exceeds its Fair Share as of such date, such Guarantor shall be entitled to a contribution from each of the other Guarantors in an amount sufficient to cause each Guarantor's Aggregate Payments to equal its Fair Share as of such date.

"Fair Share" means, with respect to any Guarantor as of any date of determination, an amount equal to the sum of (a) its pro rata portion of the aggregate amount paid or distributed on or before such date by any Guarantor under this Guaranty in respect of the Guaranteed Obligations and (b) its pro rata portion of Deficits with respect to the other Guarantors, if any, in each case subject to its Maximum Contribution Amount (such amounts under clauses (a) or (b) in excess of the Maximum Contribution Amount with respect to any Guarantor, "Deficits").

"Maximum Contribution Amount" means, with respect to any Guarantor as of any date of determination, the maximum aggregate amount of the obligations of such Guarantor under this Guaranty that would not render its obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any comparable applicable provisions of state law; provided, solely for purposes of calculating the "Maximum Contribution Amount" with respect to any Guarantor for purposes of this Section 11.06, any assets or liabilities of such Guarantor arising by virtue of any rights to subrogation, reimbursement or indemnification or any rights to or obligations of contribution hereunder shall not be considered as assets or liabilities of such Guarantor.

"Aggregate Payments" means, with respect to any Guarantor as of any date of determination, an amount equal to (A) the aggregate amount of all payments and distributions made on or before such date by such Guarantor in respect of this Guaranty (including, without limitation, in respect of this Section 11.06), minus (B) the aggregate amount of all payments received on or before such date by such Guarantor from the other Guarantors as contributions under this Section 11.06. The amounts payable as contributions hereunder shall be determined as of the date on which the related payment or distribution is made by the applicable Guarantor. The allocation among Guarantors of their obligations as set forth in this Section 11.06 shall not be construed in any way to limit the liability of any Guarantor hereunder. Each Guarantor is a third party beneficiary to the contribution agreement set forth in this Section 11.06.

ARTICLE XII

MISCELLANEOUS

Section 12.01 Notices, Etc.

(a) Notices Generally. All notices and other communications provided for hereunder shall be in writing and shall be mailed (certified mail, postage prepaid and return receipt requested) or delivered by hand, Federal Express or other reputable overnight courier, if to any Loan Party, at the following address:

Snapdragon Capital Partners LLC 17
Palmer Lane
Riverside, CT 06878
Attention: Mark Grabowski
Telephone: 646-321-0134
Email: markg@snapdragoncap.com

with a copy to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017

Attention: Joe Hadley
Telephone: 212-450-4007
E-mail: joseph.hadley@davispolk.com

if to the Agents, to it at the following address:

Cerberus Business Finance Agency, LLC
875 Third Avenue
New York, New York 10022
Attention: Timothy Fording
Telephone: (212) 891-2147
E-mail: tfording@cerberus.com

in each case, with a copy to:

Schulte Roth & Zabel LLP 919 Third Avenue
New York, New York 10022
Attention: ~~Eliot L. Relles~~Christopher O. Bell, Esq.
Telephone: (212) 756-2000
Email: ~~eliot.relles~~chris.bell@srz.com

or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties complying as to delivery with the terms of this Section 12.01. All such notices and other communications shall be effective, (i) if mailed (certified mail, postage prepaid and return receipt requested), when received or three (3) days after deposited in the mails, whichever occurs first, (ii) if emailed, in accordance with Section 12.01(c), or (iii) if delivered by hand, Federal Express or other reputable overnight courier, upon delivery, except that notices to any Agent pursuant to ARTICLE II shall not be effective until received by such Agent, as the case may be.

(b) Electronic Communications. Each party hereto may, in its discretion, by written notice to the other parties hereto decline to accept any or all notices and other communications to it hereunder by electronic communications.

(c) Unless the Administrative Agent otherwise prescribes, (A) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (B) notices or communications posted to an internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (A), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (A) and (B) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

Section 12.02 Amendments, Etc. (a) No amendment or waiver of any provision of this Agreement or any other Loan Document (excluding the Fee Letter), and no consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in writing and signed (x) in the case of an amendment, consent or waiver to cure any ambiguity, omission, defect or inconsistency or granting a new Lien for the benefit of the Agents and the Lenders or extending an existing Lien over additional property, by the Agents and the Borrower, and (y) in the case of any other amendment, consent or waiver, by the Required Lenders (or by the Collateral Agent with the consent of the Required Lenders) and the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given, provided, however, that no amendment, waiver or consent shall (i) increase the Commitment of any Lender, reduce the principal of, or interest on, the Loans payable to any Lender, reduce the amount of any fee payable for the account of each Lender, or postpone or extend any scheduled date fixed for any payment (which shall in no event include any mandatory prepayment) of principal of, or interest or fees on, the Loans without the written consent of any Lender affected thereby (including the Affiliated Lenders), (ii) [Intentionally Omitted], (iii) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans that is required for the Lenders or any of them to take any action hereunder without the written consent of each Lender (other than the Affiliated Lenders), (iv) amend the definition of "Excluded Hedge Liability" (or any defined term used therein or any provision expressly relating to Excluded Hedge Liabilities), "Required Lenders" or "Pro Rata Share" without the written consent of each Lender (other than the Affiliated Lenders), (v) release all or a substantial portion of the Collateral (except as otherwise provided in this Agreement and the other Loan Documents), subordinate any Lien granted in favor of the Collateral Agent for the benefit of the Secured Parties, or release any Borrower or any Guarantor without the written consent of each Lender (other than the Affiliated Lenders), or (vi) amend, modify or waive Section 4.04 or this Section 12.02 of this Agreement without the written consent of each Lender (other than the Affiliated Lenders).

Notwithstanding the foregoing, (A) no amendment, waiver or consent shall, unless in writing and signed by an Agent, affect the rights or duties of such Agent (but not in its capacity as a Lender) under this Agreement or the other Loan Documents, (B) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Final Maturity Date of such Loan held by the Defaulting Lender may not be extended without the consent of such Defaulting Lender, (C) unless otherwise set forth above in this Section 12.02, the Affiliated Lenders shall not be entitled to vote on any amendment, waiver, consent or other matter under this Agreement, and (D) for the purposes of voting on amendments, waivers and consents with respect to the Loan Documents, the Defaulting Lenders and the Affiliated Lenders shall be deemed not to be "Lenders" and the Loans held by the Affiliated Lenders and Defaulting Lenders shall be deemed to be zero.

(b) If (A)(i) any action to be taken by the Lenders hereunder requires the unanimous consent, authorization, or agreement of all of the Lenders (other than the Affiliated Lenders), (ii) the Required Lenders have consented to such action and (iii) a Lender other than the Collateral Agent or Administrative Agent, fails to give its consent, authorization, or agreement, or (B) any Lender requests reimbursement under Section 2.08 or Section 4.05 (each of the Lenders described in clauses (A) and (B), a "Holdout Lender"), then the Administrative Borrower upon at least five (5) Business Days prior irrevocable notice to the Holdout Lender, may permanently replace the Holdout Lender with one or more substitute Replacement Lenders reasonably

acceptable to the Collateral Agent, and the Holdout Lender shall have no right to refuse to be replaced hereunder. Such notice to replace the Holdout Lender shall specify an effective date for such replacement, which date shall not be later than fifteen (15) Business Days after the date such notice is given. Prior to the effective date of such replacement, the Holdout Lender and the Replacement Lender shall execute and deliver an Assignment and Acceptance, subject only to the Holdout Lender being repaid its share of the outstanding Obligations without any premium or penalty. If the Holdout Lender shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such replacement, the Holdout Lender shall be deemed to have executed and delivered such Assignment and Acceptance. The replacement of any Holdout Lender shall be made in accordance with the terms of Section 12.07(b). Until such time as the Replacement Lender shall have acquired all of the Obligations, the Commitments, and the other rights and obligations of the Holdout Lender hereunder and under the other Loan Documents, the Holdout Lender shall remain obligated to make its Pro Rata Share of the Loans.

Section 12.03 No Waiver; Remedies, Etc. No failure on the part of any Agent or any Lender to exercise, and no delay in exercising, any right hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right under any Loan Document preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of the Agents and the Lenders provided herein and in the other Loan Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of the Agents and the Lenders under any Loan Document against any party thereto are not conditional or contingent on any attempt by the Agents and the Lenders to exercise any of their rights under any other Loan Document against such party or against any other Person.

Section 12.04 Expenses; Attorneys' Fees. The Borrowers shall pay promptly, and in any event within ten (10) Business Days of delivery of an invoice, all reasonable and documented out-of-pocket costs and expenses incurred by or on behalf of each Agent (and, without duplication, in the case of clauses (b) through (j) below, each Lender), regardless of whether the transactions contemplated hereby are consummated, including, without limitation, reasonable and documented out-of-pocket fees, costs, client charges and expenses of one outside counsel and one local counsel in each relevant jurisdiction for the Agents (and, without duplication, in the case of clauses (b) through (j) below, each Lender), accounting, due diligence, searches and filings and other miscellaneous disbursements arising from or relating to: (a) the negotiation, preparation, execution, delivery, performance and administration of this Agreement and the other Loan Documents (including, without limitation, the preparation of any additional Loan Documents pursuant to Section 7.01(b) or the review of any of the agreements, instruments and documents referred to inSection 7.01(f)), (b) any requested amendments, waivers or consents to this Agreement or the other Loan Documents whether or not such documents become effective or are given, (c) the preservation and protection of the Agents' or any of the Lenders' rights under this Agreement or the other Loan Documents, (d) the defense of any claim or action asserted or brought against any Agent or any Lender by any Person that arises from or relates to this Agreement, any other Loan Document, the Agents' or the Lenders' claims against any Loan Party under the Loan Documents, or any and all matters in connection therewith, (e) the commencement or defense of, or intervention in, any court proceeding arising from or related to this Agreement or any other Loan Document, (f) the filing of any petition, complaint, answer, motion or other pleading by any Agent or any Lender, or the taking of any action in respect of the Collateral, in connection with

this Agreement or any other Loan Document, (g) the protection, collection, lease, sale, taking possession of or liquidation of, any Collateral in connection with this Agreement or any other Loan Document, (h) any attempt to enforce any Lien or security interest in any Collateral in connection with this Agreement or any other Loan Document, (i) any attempt to collect from any Loan Party or Guarantor under the Loan Documents, (j) all liabilities and costs arising from or in connection with the past, present or future operations of any Loan Party involving any damage to real or personal property or natural resources or harm or injury alleged to have resulted from any Release of Hazardous Materials on, upon or into such property, (k) any Environmental Liabilities and Costs incurred in connection with the investigation, removal, cleanup and/or remediation of any Hazardous Materials present or arising out of the operations of any Facility of any Loan Party, (l) any Environmental Liabilities and Costs incurred in connection with any Environmental Lien, (m) the rating of the Loans by one or more rating agencies in connection with any Lender's Securitization, or (n) the receipt by any Agent or, in the case of clauses (b) through (i) above, any Lender of any advice from professionals with respect to any of the foregoing. Without limitation of the foregoing or any other provision of any Loan Document: (x) the Borrowers agree to pay all broker fees that may become due in connection with the transactions contemplated by this Agreement and the other Loan Documents, and (y) if the Borrowers fail to perform any covenant or agreement contained herein or in any other Loan Document, any Agent may itself perform or cause performance of such covenant or agreement, and the expenses of such Agent incurred in connection therewith shall be reimbursed on demand by the Borrowers. The obligations of the Borrowers under this Section 12.04 shall survive the repayment of the Obligations and discharge of any Liens granted under the Loan Documents.

Section 12.05 Right of Set-off. Upon the occurrence and during the continuance of any Event of Default, any Agent or any Lender may, and is hereby authorized to, at any time and from time to time, without notice to any Loan Party (any such notice being expressly waived by the Loan Parties) and to the fullest extent permitted by law, set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Indebtedness at any time owing by such Agent or such Lender to or for the credit or the account of any Loan Party against any and all obligations of the Loan Parties either now or hereafter existing under any Loan Document, irrespective of whether or not such Agent or such Lender shall have made any demand hereunder or thereunder and although such obligations may be contingent or unmatured. Each Agent and each Lender agrees to notify such Loan Party promptly after any such set-off and application made by such Agent or such Lender provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Agents and the Lenders under this Section 12.05 are in addition to the other rights and remedies (including other rights of set-off) which the Agents and the Lenders may have under this Agreement or any other Loan Documents of law or otherwise.

Section 12.06 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 12.07 Assignments and Participations.

(a) This Agreement and the other Loan Documents shall be binding upon and inure to the benefit of each Loan Party and each Agent and each Lender and their respective successors and assigns; provided, however, that none of the Loan Parties may assign or transfer any of its rights hereunder or under the other Loan Documents without the prior written consent of each Lender and any such assignment without the Lenders' prior written consent shall be null and void and no Lender may assign or transfer any of its rights hereunder or under the other Loan Documents except (i) to an assignee in accordance with the provisions of Section 12.07(b) and (ii) by way of participation in accordance with the provisions ofSection 12.07(i).

(b) Each Lender may with the written consent of the Collateral Agent, assign to (i) one or more Eligible Transferees and (ii) if an Event of Default under Sections 9.01(a), (f) or (g) has occurred and is continuing, one or more Ineligible Institutions, in each case, all or a portion of its rights and obligations under this Agreement with respect to all or a portion of its Term Loan Commitment, its Revolving Credit Commitment, any portion of the Term Loans made by it and any portion of the Revolving Loans made by it (provided that assignments to Affiliated Lenders shall not require the consent of the Collateral Agent); provided, however, that (i) any such assignment under clause (x) shall require the prior consent of the Administrative Borrower (which consent shall not be unreasonably withheld, conditioned or delayed nor shall it be required during the existence of an Event of Default), (ii) such assignment is in an amount which is at least $5,000,000 or a multiple of $1,000,000 in excess thereof (or the remainder of such Lender's Commitment) (except such minimum amount shall not apply to an assignment by a Lender to (x) a Lender, an Affiliate of such Lender or a Related Fund of such Lender or (y) a group of new Lenders, each of whom is an Affiliate or Related Fund of each other to the extent the aggregate amount to be assigned to all such new Lenders is at least $5,000,000 or a multiple of $1,000,000 in excess thereof), (iii) except as provided in the last sentence of this Section 12.07(b), the parties to each such assignment shall execute and deliver to each Agent, an Assignment and Acceptance, together with any promissory note subject to such assignment and such parties shall deliver to the Collateral Agent, for the benefit of the Collateral Agent, a processing and recordation fee of $5,000 (except the payment of such fee shall not be required in connection with an assignment by a Lender to a Lender, an Affiliate of such Lender or a Related Fund of such Lender) and (iv) no written consent of the Collateral Agent, the Administrative Agent or the Administrative Borrower shall be required (1) in connection with any assignment by a Lender to a Lender, an Affiliate of such Lender or a Related Fund of such Lender or (2) if such assignment is in connection with any merger, consolidation, sale, transfer, or other disposition of all or any substantial portion of the business or loan portfolio of such Lender. Upon such execution, delivery and acceptance, from and after the effective date specified in each Assignment and Acceptance and recordation on the Register, which effective date shall be at least three (3) Business Days after the delivery thereof to the Collateral Agent (or such shorter period as shall be agreed to by the Collateral Agent and the parties to such assignment), (A) the assignee thereunder shall become a "Lender" hereunder and, in addition to the rights and obligations hereunder held by it immediately prior to such effective date, have the rights and obligations hereunder that have been assigned to it pursuant to such Assignment and Acceptance and (B) the assigning Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto). Notwithstanding anything to the contrary contained in this Section 12.07(b), a Lender (including, for the avoidance

of doubt, an Affiliated Lender) may assign any or all of its rights under the Loan Documents to an Affiliate of such Lender or a Related Fund of such Lender without delivering an Assignment and Acceptance to the Agents or to any other Person (a "Related Party Assignment"); provided, however, that (I) the Borrowers and the Administrative Agent may continue to deal solely and directly with such assigning Lender until an Assignment and Acceptance has been delivered to the Administrative Agent for recordation on the Register, (II) the Collateral Agent may continue to deal solely and directly with such assigning Lender until receipt by the Collateral Agent of a copy of the fully executed Assignment and Acceptance pursuant to Section 12.07(e), (III) the failure of such assigning Lender to deliver an Assignment and Acceptance to the Agents shall not affect the legality, validity, or binding effect of such assignment, and (IV) an Assignment and Acceptance between the assigning Lender and an Affiliate of such Lender or a Related Fund of such Lender shall be effective as of the date specified in such Assignment and Acceptance and recordation on the Related Party Register referred to in the last sentence of Section 12.07(d) below. Notwithstanding the foregoing or anything to the contrary set forth herein, no assignment shall be made at any time to any Defaulting Lender or any of its Subsidiaries or Affiliates, or any Person who, upon becoming a Lender would constitute a Defaulting Lender.

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, the assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any other Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document furnished pursuant hereto; (ii) the assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Loan Party or any of its Subsidiaries or the performance or observance by any Loan Party of any of its obligations under this Agreement or any other Loan Document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement and the other Loan Documents, together with such other documents and information it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the assigning Lender, any Agent or any Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents; (v) such assignee appoints and authorizes the Agents to take such action as agents on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to the Agents by the terms hereof and thereof, together with such powers as are reasonably incidental hereto and thereto; and (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement and the other Loan Documents are required to be performed by it as a Lender.

(d) The Administrative Agent shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain, or cause to be maintained at the Payment Office, a copy of each Assignment and Acceptance delivered to and accepted by it and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Commitments of, and the principal amount of the Loans (and stated interest thereon) (the "Registered Loans") owing to each Lender from time to time. Subject to the second to last sentence of this

Section 12.07(d), the entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrowers, the Agents and the Lenders shall treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Administrative Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice. In the case of an assignment pursuant to the last sentence of Section 12.07(b) as to which an Assignment and Acceptance is not delivered to the Administrative Agent, the assigning Lender shall, acting solely for this purpose as a non- fiduciary agent of the Borrowers, maintain, or cause to be maintained, a register (the "Related Party Register") comparable to the Register on behalf of the Borrowers. The Related Party Register shall be available for inspection by the Borrowers and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon receipt by the Administrative Agent of a completed Assignment and Acceptance, and subject to any consent required from the Administrative Agent or the Collateral Agent pursuant to Section 12.07(b) (which consent of the Collateral Agent must be evidenced by the Collateral Agent's execution of an acceptance to such Assignment and Acceptance), the Administrative Agent shall accept such assignment, record the information contained therein in the Register and provide to the Collateral Agent a copy of the fully executed Assignment and Acceptance.

(f) A Registered Loan (and the registered note, if any, evidencing the same) may be assigned or sold in whole or in part only by registration of such assignment or sale on the Register or the Related Party Register (and each registered note shall expressly so provide). Any assignment or sale of all or part of such Registered Loan (and the registered note, if any, evidencing the same) may be effected only by registration of such assignment or sale on the Register or the Related Party Register, together with the surrender of the registered note, if any, evidencing the same duly endorsed by (or accompanied by a written instrument of assignment or sale duly executed by) the holder of such registered note, whereupon, at the request of the designated assignee(s) or transferee(s), one or more new registered notes in the same aggregate principal amount shall be issued to the designated assignee(s) or transferee(s). Prior to the registration of assignment or sale of any Registered Loan (and the registered note, if any, evidencing the same), the Agents shall treat the Person in whose name such Registered Loan (and the registered note, if any, evidencing the same) is registered on the Register as the owner thereof for the purpose of receiving all payments thereon, notwithstanding notice to the contrary.

(g) In the event that any Lender sells participations in a Registered Loan, such Lender shall, acting for this purpose as a non-fiduciary agent on behalf of the Borrowers, maintain, or cause to be maintained, a register, on which it enters the name of all participants in the Registered Loans held by it and the principal amount (and stated interest thereon) of the portion of the Registered Loan that is the subject of the participation (the "Participant Register"). A Registered Loan (and the registered note, if any, evidencing the same) may be participated in whole or in part only by registration of such participation on the Participant Register (and each registered note shall expressly so provide). Any participation of such Registered Loan (and the registered note, if any, evidencing the same) may be effected only by the registration of such participation on the Participant Register. The Participant Register shall be available for inspection by the Administrative Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(h) Any Non-U.S. Lender who purchases or is assigned or participates in any portion of such Registered Loan shall comply with Section 2.08(d).

(i) Each Lender may sell participations to (x) one or more Eligible Transferees and (y) if an Event of Default under Sections 9.01(a), (f) or (g) has occurred and is continuing, one or more Ineligible Institutions, in each case, in or to all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including, without limitation, all or a portion of its Commitments and the Loans made by it); provided, that (i) such Lender's obligations under this Agreement (including without limitation, its Commitments hereunder) and the other Loan Documents shall remain unchanged and that any such participant shall not be entitled to receive any greater payment or benefit hereunder than such Lender would have been entitled to receive with respect to the participation sold to such participant unless the sale of such participation is made with the Administrative Borrower's prior written consent; (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and the Borrowers, the Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents; and (iii) a participant shall not be entitled to require such Lender to take or omit to take any action hereunder except (A) action directly effecting an extension of the maturity dates or decrease in the principal amount of the Loans, (B) action directly effecting an extension of the due dates or a decrease in the rate of interest payable on the Loans or the fees payable under this Agreement, or (C) actions directly effecting a release of all or a substantial portion of the Collateral or any Loan Party (except as set forth in Section 10.08 of this Agreement or any other Loan Document). The Loan Parties agree that each participant shall be entitled to the benefits of Section 2.08, subject to the obligations and limitations set forth thereunder; provided that the Administrative Borrower shall be notified of such participation and such participant shall agree, for the benefit of the Borrowers, to comply with Section 2.08(d) of this Agreement with respect to its participation in any portion of the Commitments and the Loans as if it was a Lender.

(j) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or loans made to, or other indebtedness issued by, such Lender pursuant to a securitization transaction (including any structured warehouse credit facility, collateralized loan obligation transaction or similar facility or transaction, and including any further securitization of the indebtedness or equity issued under such a transaction) (a "Securitization"); provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto. The Loan Parties shall cooperate with such Lender and its Affiliates to effect a Securitization, including, without limitation, by providing such information as may be reasonably requested by such Lender in connection with the rating of its Loans or any Securitization.

Section 12.08 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by electronic mail shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party may request

in writing that parties delivering an executed counterpart of this Agreement by electronic mail also deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Loan Document *mutatis mutandis*.

Section 12.09 GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (UNLESS EXPRESSLY PROVIDED TO THE CONTRARY IN ANOTHER LOAN DOCUMENT IN RESPECT OF SUCH OTHER LOAN DOCUMENT) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN THE STATE OF NEW YORK.

Section 12.10 CONSENT TO JURISDICTION; SERVICE OF PROCESS AND VENUE. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK IN THE COUNTY OF NEW YORK OR OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH LOAN PARTY HEREBY IRREVOCABLY ACCEPTS IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH LOAN PARTY HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS AND IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO THE ADMINISTRATIVE BORROWER AT ITS ADDRESS FOR NOTICES AS SET FORTH IN SECTION 12.01 AND TO THE SECRETARY OF STATE OF THE STATE OF NEW YORK, SUCH SERVICE TO BECOME EFFECTIVE TEN (10) DAYS AFTER SUCH MAILING. THE LOAN PARTIES AGREE THAT A FINAL NON-APPEALABLE JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE AGENTS AND THE LENDERS TO SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST ANY LOAN PARTY IN ANY OTHER JURISDICTION. EACH LOAN PARTY, EACH AGENT AND THE LENDERS HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE JURISDICTION OR LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY LOAN PARTY HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, EACH LOAN PARTY, EACH AGENT AND THE LENDERS HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

Section 12.11 WAIVER OF JURY TRIAL, ETC. EACH LOAN PARTY, EACH AGENT AND EACH LENDER HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS, OR UNDER ANY AMENDMENT, WAIVER, CONSENT, INSTRUMENT, DOCUMENT OR OTHER AGREEMENT DELIVERED OR WHICH IN THE FUTURE MAY BE DELIVERED IN CONNECTION THEREWITH, OR ARISING FROM ANY FINANCING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREES THAT ANY SUCH ACTION, PROCEEDINGS OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH LOAN PARTY CERTIFIES THAT NO OFFICER, REPRESENTATIVE, AGENT OR ATTORNEY OF ANY AGENT OR ANY LENDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT ANY AGENT OR ANY LENDER WOULD NOT, IN THE EVENT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM, SEEK TO ENFORCE THE FOREGOING WAIVERS. EACH LOAN PARTY HEREBY ACKNOWLEDGES THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE AGENTS AND THE LENDERS ENTERING INTO THIS AGREEMENT.

Section 12.12 Consent by the Agents and Lenders. Except as otherwise expressly set forth herein to the contrary or in any other Loan Document, if the consent, approval, satisfaction, determination, judgment, acceptance or similar action (an "Action") of any Agent or any Lender shall be permitted or required pursuant to any provision hereof or any provision of any other agreement to which any Loan Party is a party and to which any Agent or any Lender has succeeded thereto, such Action shall be required to be in writing and may be withheld or denied by such Agent or such Lender (other than an Affiliated Lender), in its reasonable discretion, with or without any reason.

Section 12.13 No Party Deemed Drafter. Each of the parties hereto agrees that no party hereto shall be deemed to be the drafter of this Agreement.

Section 12.14 Reinstatement; Certain Payments. If any claim is ever made upon any Agent or any Lender for repayment or recovery of any amount or amounts received by such Agent or such Lender in payment or on account of any of the Obligations, such Agent or such Lender shall give prompt notice of such claim to each other Agent and Lender and the Administrative Borrower, and if such Agent or such Lender repays all or part of such amount by reason of (i) any judgment, decree or order of any court or administrative body having jurisdiction over such Agent or such Lender or any of its property, or (ii) any good faith settlement or compromise of any such claim effected by such Agent or such Lender with any such claimant, then and in such event each Loan Party agrees that (A) any such judgment, decree, order, settlement or compromise shall be binding upon it notwithstanding the cancellation of any Indebtedness hereunder or under the other Loan Documents or the termination of this Agreement or the other Loan Documents, and (B) it shall be and remain liable to such Agent or such Lender hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by such Agent or such Lender.

Section 12.15 Indemnification.

(a) General Indemnity. In addition to each Loan Party's other Obligations under this Agreement, each Loan Party agrees to, jointly and severally, defend, protect, indemnify and hold harmless each Agent and each Lender and all of their respective Related Parties (collectively called the "Indemnitees") from and against any and all losses, damages, liabilities, obligations, penalties, fees, reasonable and documentedout-of-pocket costs and expenses (including, without limitation, reasonable and documented out-of-pocket costs and expenses of one outside counsel and one local counsel in each relevant jurisdiction) incurred by such Indemnitees (taken as a whole), whether prior to or from and after the Effective Date, whether direct, indirect or consequential, as a result of or arising from or relating to or in connection with any of the following: (i) the negotiation, preparation, execution or performance or enforcement of this Agreement, any other Loan Document or of any other document executed in connection with the transactions contemplated by this Agreement, (ii) any Agent's or any Lender's furnishing of funds to the Borrowers under this Agreement or the other Loan Documents, including, without limitation, the management of any such Loans, (iii) any matter relating to the financing transactions contemplated by this Agreement or the other Loan Documents or by any document executed in connection with the transactions contemplated by this Agreement or the other Loan Documents, or (iv) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto (collectively, the "Indemnified Matters"); provided, however, that the Loan Parties shall not have any obligation to any Indemnitee under this subsection (a) for any Indemnified Matter (x) caused by the gross negligence or willful misconduct of such Indemnitee as determined by a finalnon-appealable judgment of a court of competent jurisdiction, or (y) arising from disputes solely among the Agents, the Lenders (other than the Affiliated Lenders) and their respective participants or (z) that has resulted from an intentional breach of such Indemnitee's obligations under this Agreement as determined by a final non-appealable judgment of a court of competent jurisdiction. This Section 12.15(a) shall not apply with respect to Taxes other than any Taxes that represent losses, damages, etc. arising from any non-Tax claim.

(b) Environmental Indemnity. Without limiting Section 12.15(a) hereof, each Loan Party agrees to, jointly and severally, defend, indemnify, and hold harmless the Indemnitees against any and all Environmental Liabilities and Costs and all other claims, demands, penalties, fines, liability (including strict liability), losses, damages, costs and expenses (including, reasonable and documented out-of-pocket fees and expenses of one outside counsel and one local counsel in each relevant jurisdiction, consultant fees and laboratory fees), arising out of (i) any Releases or threatened Releases (x) at any property presently or formerly owned or operated by any Loan Party or any Subsidiary of any Loan Party, or any predecessor in interest, or (y) of any Hazardous Materials generated and disposed of by any Loan Party or any Subsidiary of any Loan Party, or any predecessor in interest; (ii) any violations of Environmental Laws by or relating to any Loan Party; (iii) any Environmental Action relating to any Loan Party or any Subsidiary of any Loan Party, or any predecessor in interest; (iv) any personal injury (including wrongful death) or property damage (real or personal) arising out of exposure to Hazardous Materials used, handled, generated, transported or disposed by any Loan Party or any Subsidiary of any Loan Party, or any predecessor in interest; and (v) any breach of any warranty or representation regarding environmental matters made by the Loan Parties in Section 6.01(r) or the breach of any covenant made by the Loan Parties in Section 7.01(j). Notwithstanding the foregoing, the Loan Parties shall not have any obligation to any Indemnitee under this subsection (b) regarding any potential environmental matter covered hereunder which is caused by the gross negligence or willful misconduct of such Indemnitee, as determined by a final non-appealable judgment of a court of competent jurisdiction.

(c) The indemnification for all of the foregoing losses, damages, fees, costs and expenses of the Indemnitees are chargeable against the Loan Account. To the extent that the undertaking to indemnify, pay and hold harmless set forth in this Section 12.15 may be unenforceable because it is violative of any law or public policy, each Loan Party shall, jointly and severally, contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all Indemnified Matters incurred by the Indemnitees. The indemnities set forth in this Section 12.15 shall survive the repayment of the Obligations and discharge of any Liens granted under the Loan Documents.

Section 12.16 Administrative Borrower. Each Borrower hereby irrevocably appoints Xponential Fitness LLC as the borrowing agent and attorney-in-fact for the Borrowers (the "Administrative Borrower") which appointment shall remain in full force and effect unless and until the Agents shall have received prior written notice signed by all of the Borrowers that such appointment has been revoked and that another Borrower has been appointed Administrative Borrower. Each Borrower hereby irrevocably appoints and authorizes the Administrative Borrower (i) to provide to the Agents and receive from the Agents all notices with respect to Loans obtained for the benefit of any Borrower and all other notices and instructions under this Agreement and (ii) to take such action as the Administrative Borrower deems appropriate on its behalf to obtain Loans and to exercise such other powers as are reasonably incidental thereto to carry out the purposes of this Agreement. It is understood that the handling of the Loan Account and Collateral of the Borrowers in a combined fashion, as more fully set forth herein, is done solely as an accommodation to the Borrowers in order to utilize the collective borrowing powers of the Borrowers in the most efficient and economical manner and at their request, and that neither the Agents nor the Lenders shall incur liability to the Borrowers as a result hereof. Each of the Borrowers expects to derive benefit, directly or indirectly, from the handling of the Loan Account and the Collateral in a combined fashion since the successful operation of each Borrower is dependent on the continued successful performance of the integrated group. To induce the Agents and the Lenders to do so, and in consideration thereof, each of the Borrowers hereby jointly and severally agrees to indemnify the Indemnitees and hold the Indemnitees harmless against any and all liability, expense, loss or claim of damage or injury, made against such Indemnitee by any of the Borrowers or by any third party whosoever, arising from or incurred by reason of (a) the handling of the Loan Account and Collateral of the Borrowers as herein provided, (b) the Agents and the Lenders relying on any instructions of the Administrative Borrower, or (c) any other action taken by any Agent or any Lender hereunder or under the other Loan Documents.

Section 12.17 Records. The unpaid principal of and interest on the Loans, the interest rate or rates applicable to such unpaid principal and interest, the duration of such applicability, the Commitments, and the accrued and unpaid fees payable pursuant to Section 2.06 hereof, including, without limitation, the fees set forth in the Fee Letter and the Applicable Prepayment Premium, if any, shall at all times be ascertained from the records of the Agents, which shall be conclusive and binding absent manifest error.

Section 12.18 Binding Effect. This Agreement shall become effective when it shall have been executed by each Loan Party, each Agent and each Lender and when the conditions

precedent set forth in Section 5.01 hereof have been satisfied or waived in writing by the Agents, and thereafter shall be binding upon and inure to the benefit of each Loan Party, each Agent and each Lender, and their respective successors and assigns, except that the Loan Parties shall not have the right to assign their rights hereunder or any interest herein without the prior written consent of each Agent and each Lender, and any assignment by any Lender shall be governed by Section 12.07 hereof.

Section 12.19 Interest. It is the intention of the parties hereto that each Agent and each Lender shall conform strictly to usury laws applicable to it. Accordingly, if the transactions contemplated hereby or by any other Loan Document would be usurious as to any Agent or any Lender under laws applicable to it (including the laws of the United States of America and the State of New York or any other jurisdiction whose laws may be mandatorily applicable to such Agent or such Lender notwithstanding the other provisions of this Agreement), then, in that event, notwithstanding anything to the contrary in this Agreement or any other Loan Document or any agreement entered into in connection with or as security for the Obligations, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under law applicable to any Agent or any Lender that is contracted for, taken, reserved, charged or received by such Agent or such Lender under this Agreement or any other Loan Document or agreements or otherwise in connection with the Obligations shall under no circumstances exceed the maximum amount allowed by such applicable law, any excess shall be canceled automatically and if theretofore paid shall be credited by such Agent or such Lender on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations shall have been or would thereby be paid in full, refunded by such Agent or such Lender, as applicable, to the Borrowers); and (ii) in the event that the maturity of the Obligations is accelerated by reason of any Event of Default under this Agreement or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest under law applicable to any Agent or any Lender may never include more than the maximum amount allowed by such applicable law, and excess interest, if any, provided for in this Agreement or otherwise shall be canceled automatically by such Agent or such Lender, as applicable, as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited by such Agent or such Lender, as applicable, on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations shall have been or would thereby be paid in full, refunded by such Agent or such Lender to the Borrowers). All sums paid or agreed to be paid to any Agent or any Lender for the use, forbearance or detention of sums due hereunder shall, to the extent permitted by law applicable to such Agent or such Lender, be amortized, prorated, allocated and spread throughout the full term of the Loans until payment in full so that the rate or amount of interest on account of any Loans hereunder does not exceed the maximum amount allowed by such applicable law. If at any time and from time to time (x) the amount of interest payable to any Agent or any Lender on any date shall be computed at the Highest Lawful Rate applicable to such Agent or such Lender pursuant to this Section 12.19 and (y) in respect of any subsequent interest computation period the amount of interest otherwise payable to such Agent or such Lender would be less than the amount of interest payable to such Agent or such Lender computed at the Highest Lawful Rate applicable to such Agent or such Lender, then the amount of interest payable to such Agent or such Lender in respect of such subsequent interest computation period shall continue to be computed at the Highest Lawful Rate applicable to such Agent or such Lender until the total amount of interest payable to such Agent or such Lender shall equal the total amount of interest which would have been payable to such Agent or such Lender if the total amount of interest had been computed without giving effect to this Section 12.19.

For purposes of this Section 12.19, the term "applicable law" shall mean that law in effect from time to time and applicable to the loan transaction between the Borrowers, on the one hand, and the Agents and the Lenders, on the other, that lawfully permits the charging and collection of the highest permissible, lawful non-usurious rate of interest on such loan transaction and this Agreement, including laws of the State of New York and, to the extent controlling, laws of the United States of America.

The right to accelerate the maturity of the Obligations does not include the right to accelerate any interest that has not accrued as of the date of acceleration.

Section 12.20 Confidentiality. Each Agent and each Lender agrees (on behalf of itself and each of its Related Parties) to use reasonable precautions to keep confidential, in accordance with its customary procedures for handling confidential information of this nature and in accordance with safe and sound practices of comparable commercial finance companies, any non-public information supplied to it by the Loan Parties pursuant to this Agreement or the other Loan Documents which is identified in writing by the Loan Parties as being confidential at the time the same is delivered to such Person (and which at the time is not, and does not thereafter become, publicly available or available to such Person from another source not known to be subject to a confidentiality obligation to such Person not to disclose such information), provided that nothing herein shall limit the disclosure by any Agent or any Lender of any such information (i) to its Affiliates, its Related Parties or the Related Parties of any Person described in clause (ii) or (iii) below) (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential in accordance with this Section 12.20 or is subject to other customary confidentiality obligations); (ii) to any other party hereto; (iii) to any assignee or participant (or prospective assignee or participant) or any party to a Securitization so long as such assignee or participant (or prospective assignee or participant) or party to a Securitization agrees, in writing, to be bound by or is otherwise subject to customary confidentiality obligations (including, without limitation, confidentiality provisions similar in substance to this Section 12.20); (iv) to the extent required by any Requirement of Law or judicial process or as otherwise requested by any Governmental Authority having jurisdiction over such Person; (v) (x) to the National Association of Insurance Commissioners or any similar organization, any examiner, auditor or accountant or any nationally recognized rating agency or (y) otherwise to the extent consisting of general portfolio information that does not identify Loan Parties; provided, unless specifically prohibited by applicable law or court order, each Agent and each Lender shall make reasonable efforts to notify the Borrower of any request by any Governmental Authority or representative thereof; (vi) in connection with any litigation to which any Agent or any Lender is a party; (vii) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, in each case, solely to the extent necessary in connection therewith; or (viii) with the consent of the Administrative Borrower.

Section 12.21 Public Disclosure. Each Loan Party agrees that neither it nor any of its Affiliates will now or in the future issue any press release or other public disclosure using the name of an Agent, any Lender or any of their respective Affiliates or referring to this Agreement or any other Loan Document without the prior written consent of such Agent or such Lender, except to the extent that such Loan Party or such Affiliate is required by any Requirement of Law

(in which event, such Loan Party or such Affiliate will consult with such Agent or such Lender before issuing such press release or other public disclosure; provided, that any failure of such Loan party or such Affiliate to consult with such Agent or such Lender shall not result in an Event of Default hereunder). Notwithstanding the foregoing or anything contained herein to the contrary, the Parent or any parent company of the Parent may include a summary of this Agreement or any other Loan Document in, and file copies thereof as exhibits to, any registration statement that it submits or files under the Securities Act of 1933, as amended, or filings it makes or furnishes under the Exchange Act. Each Loan Party hereby authorizes each Agent and each Lender, after consultation with the Borrowers, to advertise the closing of the transactions contemplated by this Agreement, and to make reasonably appropriate announcements of the financial arrangements entered into among the parties hereto, as such Agent or such Lender shall deem reasonably appropriate, including, without limitation, announcements commonly known as tombstones, in such trade publications, business journals, newspapers of general circulation and to such selected parties as such Agent or such Lender shall deem reasonably appropriate.

Section 12.22 Integration. This Agreement, together with the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.

Section 12.23 USA PATRIOT Act. Each Lender that is subject to the requirements of the USA PATRIOT Act hereby notifies the Borrowers that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies the entities composing the Borrowers, which information includes the name and address of each such entity and other information that will allow such Lender to identify the entities composing the Borrowers in accordance with the USA PATRIOT Act. Each Loan Party agrees to take such action and execute, acknowledge and deliver at its sole cost and expense, such instruments and documents as any Lender may reasonably require from time to time in order to enable such Lender to comply with the USA PATRIOT Act.

Section 12.24 Keepwell. Each Loan Party, if it is a Qualified ECP Loan Party, then jointly and severally, together with each other Qualified ECP Loan Party, hereby absolutely unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by any Non-Qualifying Party to honor all of such Non-Qualifying Party's obligations under this Agreement or any other Loan Document in respect of Swap Obligations (provided, however, that each Qualified ECP Loan Party shall only be liable under this Section 12.24 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 12.24, or otherwise under this Agreement or any other Loan Document, voidable under applicable law, including applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Loan Party under this Section 12.24 shall remain in full force and effect until payment in full of the Obligations and termination of this Agreement and the other Loan Documents. Each Qualified ECP Loan Party intends that this Section 12.24 constitute, and this Section 12.24 shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support, or other agreement" for the benefit of each other Borrower and Guarantor for all purposes of Section 1a(18(A)(v)(II) of the CEA.

Section 12.25 Released Loan Party. Notwithstanding anything herein to the contrary, a Loan Party (the "Released Loan Party") shall be automatically released from its obligations under this Agreement in the event that all or any portion of the Equity Interests of the Released Loan Party shall be sold, transferred or otherwise disposed pursuant to clauses (i) and (j) of the definition of "Permitted Disposition," and the parties hereby acknowledge and agree that each reference to a "Loan Party" or the "Loan Parties" in this Agreement shall not include such Released Loan Party.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWERS:

XPONENTIAL FITNESS LLC

By: _____
Name:
Title:

GUARANTORS:

[_____]

By: _____
Name:
Title:

[_____]

By: _____
Name:
Title:

COLLATERAL AGENT AND ADMINISTRATIVE AGENT:

CERBERUS BUSINESS FINANCE AGENCY, LLC

By: _____
Name:
Title:

LENDERS:

CERBERUS LEVERED IV HOLDINGS LLC

By: _____
Name:
Title:

CERBERUS ASRS HOLDINGS LLC

By: _____
Name:
Title:

CERBERUS KRS LEVERED LOAN OPPORTUNITIES FUND, L.P.

By: Cerberus KRS Levered Opportunities GP, LLC Its: General Partner

By: _____
Name:
Title:

CERBERUS PSERS LEVERED LOAN OPPORTUNITIES FUND, L.P.

By: Cerberus PSERS Levered Opportunities GP, LLC
Its: General Partner

By: _____
Name:
Title:

CERBERUS FSBA HOLDINGS LLC

By: _____
Name:
Title:

CERBERUS ND CREDIT HOLDINGS LLC

By: _____
Name:
Title:

CERBERUS STEPSTONE CREDIT HOLDINGS LLC

By: _____
Name:
Title:

PHILADELPHIA INDEMNITY INSURANCE COMPANY

By: CBF-D Manager, LLC
Its: Investment Manager

By: _____
Name:
Title:

RELIANCE STANDARD LIFE INSURANCE COMPANY

By: CBF-D Manager, LLC
Its: Investment Manager

By: _____
Name:
Title:

Annex B

Form of Sponsor Guaranty

(FORM OF)
LIMITED GUARANTY

LIMITED GUARANTY, dated as of August [], 2020 (this "Guaranty"), made by H&W Investco L.P. ("H&W"), [L. Catterton] ("L. Catterton") and [LAG Fit LLC] ("LAG Fit") (H&W, L. Catterton and LAG Fit, collectively, the "Sponsor Guarantor"), in favor of Cerberus Business Finance Agency, LLC, a Delaware limited liability company ("Cerberus"), as collateral agent for the Lenders referred to below (in such capacity, together with any successor collateral agent, the "Collateral Agent") on behalf of the Agents referred to below and the Lenders pursuant to the Financing Agreement referred to below.

W I T N E S S E T H

WHEREAS, the Loan Parties referred to below are parties to that certain Financing Agreement, dated as of February 28, 2020 (as amended, restated, supplemented or otherwise modified, the "Financing Agreement"), by and among Xponential Intermediate Holdings, LLC, a Delaware limited liability company (the "Parent"), Xponential Fitness LLC, a Delaware limited liability company ("XF"), each Subsidiary (as defined therein) of Parent listed as a "Borrower" on the signature pages thereto (together with XF and each other Person that executes a joinder agreement and becomes a "Borrower" thereunder, each a "Borrower" and collectively, the "Borrowers"), each other Subsidiary of Parent listed as a "Guarantor" on the signature pages thereto (together with Parent and each other Person that executes a joinder agreement and becomes a "Guarantor" thereunder or otherwise guaranties all or any part of the Obligations (as defined therein), each a "Guarantor" and collectively, the "Guarantors"), the lenders from time to time party thereto (each a "Lender" and collectively, the "Lenders"), Cerberus, as collateral agent for the Lenders (in such capacity, together with its successors and assigns, the "Collateral Agent") and Cerberus, as administrative agent for the Lenders (in such capacity, together with its successors and assigns, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents");

WHEREAS, Sponsor Guarantor directly or indirectly owns a portion of the issued and outstanding shares of Equity Interests or other interests of the Loan Parties;

WHEREAS, pursuant to the First Amendment, the Loan Parties are required to cause Sponsor Guarantor to execute and deliver to the Collateral Agent, for the benefit of the Agents and the Lenders, a guaranty guaranteeing the payment and performance of up to $10,000,000 of the Obligations; and

WHEREAS, Sponsor Guarantor has determined that its execution, delivery and performance of this Guaranty benefit, and are within the purposes and in the business interests of, Sponsor Guarantor;

NOW, THEREFORE, in consideration of the premises and the agreements herein and in order to induce the Agents and the Lenders to enter into the First Amendment, Sponsor Guarantor hereby agrees with the Agents as follows:

SECTION 1. Definitions.

(a) Reference is hereby made to the Financing Agreement for a statement of the terms thereof. All terms used in this Guaranty which are defined in the Financing Agreement and not otherwise defined herein shall have the same meanings herein as set forth therein.

(b) As used in this Guaranty, the following terms have the meanings set forth below:

(i) "Guaranty Liability Event" means the occurrence of any of the following events: (a) an Event of Default under Section 9.01(a) of the Financing Agreement, (b) an Event of Default under Section 9.01(c) of the Financing Agreement solely as a result of a violation of Section 7.03 of the Financing Agreement (or any subsection thereof), unless such Event of Default is cured pursuant to and in accordance with the second to last sentence of Section 9.02 of the Financing Agreement, (c) an Event of Default under Sections 9.01(f) or (g) of the Financing Agreement, (d) a Sponsor Event of Default or (e) average weekly Availability plus Qualified Cash of the Loan Parties during any consecutive four week period is less than $7,500,000 on the last Business Day of each week during such period.

(ii) "Specified Amount" has the meaning set forth in Section 2(c) hereto.

(iii) "Sponsor Event of Default" means the occurrence of any of the following: (a) any of the types of events described in Section 9.01(f) and (g) of the Financing Agreement with respect to Sponsor Guarantor, (b) any representation, warranty or statement made or deemed to be made by Sponsor Guarantor herein or in any statement or certificate delivered or required to be delivered pursuant hereto or thereto shall prove untrue in any material respect on the date as of which it was deemed to have been made, (c) Sponsor Guarantor shall default in the payment when due of any amounts payable by Sponsor Guarantor pursuant to this Guaranty, (d) this Guaranty or any provision hereof shall cease to be in full force and effect with respect to Sponsor Guarantor for reason other than pursuant to the occurrence of the Termination Date in accordance with this Guaranty, or Sponsor Guarantor or any Person acting by or on behalf of Sponsor Guarantor shall deny or disaffirm Sponsor Guarantor's obligations under this Guaranty (it being understood and agreed that a bona fide dispute in good faith by Sponsor Guarantor in connection with this Guaranty shall not constitute denying or disaffirming Sponsor Guarantor's obligations hereunder), and (e) Sponsor Guarantor shall default the due performance or observance of any term covenant or agreement: (i) contained in Section 7(a)(i) or 7(h) of this Guaranty or (ii) contained in any other Section of this Guaranty (other than those Sections specifically referred to in clause (i) above) and such default shall continue unremedied for a period of thirty (30) days after the earlier of (1) receipt by Sponsor Guarantor of written notice from the Collateral Agent of such default or (2) actual knowledge of any senior officer of Sponsor Guarantor of such default.

(iv) "Termination Date" means the earliest to occur of (a) the date on which all the Loans and the other Obligations shall have been paid in full in cash and the Financing Agreement and the other Loan Documents shall have been terminated, (b) the date on which Sponsor Guarantor has been called upon to pay the Guaranteed Obligations hereunder upon the occurrence and during the continuance of a Guaranty Liability Event and does pay the Guaranteed Obligations in an amount equal to the Specified Amount plus Enforcement Costs (as defined below), if any, and (c) at any time after June 30, 2022, the date on which (i) no Event of Default or Sponsor Event of Default has occurred and is continuing and (ii) a Compliance Certificate has been delivered pursuant to Section 7.01(a)(iv) of the Financing Agreement demonstrating that (A) the Total Leverage Ratio of the Loan Parties is less than or equal to 3.00 to 1.00 for the most recent trailing four fiscal quarter period and (B) Consolidated EBITDA of the Loan Parties is greater than $55,000,000 for the most recent trailing four fiscal quarter period.

SECTION 2. Guaranty.

(a) Sponsor Guarantor (i) unconditionally, absolutely and irrevocably guarantees the payment of the Obligations by the Borrowers, within 15 Business Days following receipt of written notice from the Collateral Agent that a Guaranty Liability Event has occurred, whether for principal, interest, fees, expense reimbursements (including, without limitation, all interest, fees and expense reimbursements that accrue after the commencement of any Insolvency Proceeding of any Borrower, whether or not a claim for

post filing interest, fees or expense reimbursements are allowed in such proceeding), commissions, indemnifications or any other Obligation (such obligations to the extent not paid by the Borrowers, being the "Guaranteed Obligations"), and (ii) agrees to pay any and all expenses (including reasonable and documented out-of-pocket counsel fees and expenses) incurred by the Agents and the Lenders in enforcing any rights under this Guaranty ("Enforcement Costs"). Without limiting the generality of the foregoing, Sponsor Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations, and would be owed by the Borrowers to the Agents and the Lenders under the Financing Agreement or any other Loan Document but for the fact that they are unenforceable or not allowable due to the existence of an Insolvency Proceeding involving any Loan Party. In no event shall the obligations of Sponsor Guarantor exceed the maximum amount Sponsor Guarantor could guarantee, under any bankruptcy, insolvency or similar law or the express limitations contained in Section 2(c). Notwithstanding anything contained herein to the contrary, Sponsor Guarantor's liability hereunder shall not exceed the sum of the Specified Amount (as defined below) and Enforcement Costs, if any.

(b) (i) During the existence of a Guaranty Liability Event (other than a Guaranty Liability Event described in clause (e) of the definition thereof), the Collateral Agent may declare all or any portion of the Guaranteed Obligations due and payable hereunder, and (ii) during the existence of a Guaranty Liability Event described in clause (e) of the definition thereof, the Collateral Agent may declare all or any portion of the Guaranteed Obligations due and payable hereunder in an aggregate amount not to exceed $5,000,000, and, in each case, Sponsor Guarantor shall be obligated to pay such amount in respect of the Guaranteed Obligations to the Collateral Agent, subject to Section 2(c) below, and the Collateral Agent shall be entitled to enforce all Guaranteed Obligations of Sponsor Guarantor hereunder after such due date.

(c) Notwithstanding anything to the contrary contained in this Guaranty, (i) the liability of Sponsor Guarantor under this Guaranty in respect of the Guaranteed Obligations and the recourse of the Agents and the Lenders hereunder shall be limited solely to the payment of $10,000,000 in the aggregate (the "Specified Amount"), plus Enforcement Costs, if any, (ii) Sponsor Guarantor shall satisfy its obligations hereunder by funding such amounts to the Collateral Agent in accordance with this Guaranty, and (iii) upon funding its obligations under this Guaranty to the Collateral Agent in an aggregate amount equal to the Specified Amount, Sponsor Guarantor shall have no further liability under this Guaranty, except as otherwise provided in Section 3(c) below; provided that in no event will the payment obligations of each of H&W, L. Catterton and LAG Fit in respect of the Specified Amount and Enforcement Costs exceed its applicable share thereof set forth opposite its name on Schedule 1 hereto.

(d) All payments made by the Sponsor Guarantor pursuant to this Section 2 shall be applied as follows:

(i) in respect of a payment made pursuant to a Guaranty Liability Event (other than a Guaranty Liability Event described in clause (e) of the definition thereof), (A) first, ratably to repay the then outstanding principal amount of the Term Loans in the inverse order of maturity until the principal amount of such Term Loans has been paid in full in cash and (B) second, to repay any other Obligations then outstanding.

(ii) in respect of a payment made pursuant to a Guaranty Liability Event described in clause (e) of the definition thereof, (A) first, 50% of such payment ratably to repay the then outstanding Revolving Loans, (B) second, 50% of such payment (plus any remaining proceeds described in clause (A) hereof in the event that less than 50% of such payment reduces the then outstanding Revolving Loans to $0) ratably to repay the then outstanding principal amount of the Term Loans in the inverse order of maturity until the principal amount of such Term Loans has been paid in full in cash and (C) third, to repay any other Obligations then outstanding.

SECTION 3. Guaranty Absolute; Continuing Guaranty; Assignments.

(a) Subject to Section 2(c) above, Sponsor Guarantor hereby guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Financing Agreement and the other Loan Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agents or the Lenders with respect thereto. Sponsor Guarantor agrees that this Guaranty constitutes a guaranty of payment when due and not of collection and waives any right to require that any resort be made by any Agent or any Lender to any Collateral. The obligations of Sponsor Guarantor under this Guaranty are independent of the Guaranteed Obligations, and a separate action or actions may be brought and prosecuted against Sponsor Guarantor to enforce such obligations, irrespective of whether any action is brought against any Loan Party or whether any Loan Party is joined in any such action or actions. To the fullest extent permitted by law, the liability of Sponsor Guarantor under this Guaranty shall be irrevocable, absolute and unconditional irrespective of, and Sponsor Guarantor hereby irrevocably waives any defenses it may now or hereafter have in any way relating to, any or all of the following:

(i) any lack of validity or enforceability of the Financing Agreement or any other Loan Document or any document, agreement or instrument relating thereto;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from the Financing Agreement or any other Loan Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Loan Party or otherwise;

(iii) any taking, exchange, release or non-perfection of any lien on or security interest in any Collateral, or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Guaranteed Obligations;

(iv) the existence of any claim, set-off, defense (other than payment in full of the Guaranteed Obligations) or other right that Sponsor Guarantor may have at any time against any Person, including, without limitation, any Agent or any Lender, whether in connection with this Guaranty or any Loan Document or the transactions contemplated herein, therein or in any unrelated transaction;

(v) any change, restructuring or termination of the corporate, limited liability company or partnership (as applicable) structure or existence of any Loan Party; or

(vi) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Agents or the Lenders that might otherwise constitute a defense (other than payment in full of the Guaranteed Obligations) available to, or a discharge of, any Loan Party or any other guarantor or surety.

(b) This Guaranty is a continuing guaranty and shall (i) remain in full force and effect until the Termination Date, provided that the obligations of Sponsor Guarantor set forth in Section 5 shall continue to survive the termination of this Guaranty, (ii) be binding upon Sponsor Guarantor, its successors and assigns and (iii) inure to the benefit of and be enforceable by the Agents, the Lenders and their permitted successors, pledgees, transferees and assigns. Without limiting the generality of the foregoing clause (iii), any Lender may pledge, assign or otherwise transfer all or any portion of its rights and obligations under the Financing Agreement or the other Loan Document (including, without limitation, all or any portion of its Commitment and its Loans) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, in each case as provided in Section 12.07 of the Financing Agreement.

(c) Notwithstanding anything to the contrary set forth herein (including without limitation, Section 3(b) above), but subject to Section 2(c), this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment by Sponsor Guarantor under this Guaranty is rescinded or must otherwise be returned by the Agent, the Lenders or any other Person to Sponsor Guarantor or the Borrowers, all as though such payment had not been made.

SECTION 4. Waivers. Sponsor Guarantor hereby waives (i) promptness, diligence, notice of acceptance and any other notice with respect to any of the Guaranteed Obligations and this Guaranty, (ii) notice of acceptance and notice of the incurrence of any Obligation by any Borrower, (iii) notice of any actions taken by any Agent, any Lender or any Loan Party under any Loan Document or any other agreement or instrument related thereto, (iv) all other notices, demands and protests, and all other formalities of every kind in connection with the enforcement of the Obligations or of the obligations of the Sponsor Guarantor hereunder, the omission of or delay in which, but for the provisions of this Section 4, might constitute grounds for relieving the Sponsor Guarantor of its obligations hereunder, (v) any requirement that the Agents or the Lenders exhaust any right or take any action against any Loan Party or any other Person or any Collateral, (vi) any right to compel or direct any Agent or any Lender to seek payment or recovery of any amounts owed under this Guaranty from any one particular fund or source or to exhaust any right or take any action against any other Loan Party or any other Person or any Collateral, (vii) any requirement that any Agent or any Lender protect, secure, perfect or insure any security interest or Lien or any property subject thereto, or exhaust any right or take any action against any Loan Party or any other Person or any Collateral, and (viii) any other defense (other than payment in full of the Guaranteed Obligations) available to Sponsor Guarantor. Sponsor Guarantor agrees that the Agents and the Lenders shall have no obligation to marshal any assets in favor of Sponsor Guarantor or against, or in payment of, any or all of the Obligations. Sponsor Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated herein and in the Financing Agreement and that the waivers set forth in this Section 4 are knowingly made in contemplation of such benefits. Sponsor Guarantor hereby waives any right to revoke this Guaranty, and acknowledges that this Guaranty is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

SECTION 5. Subrogation. Sponsor Guarantor will not exercise any rights that it may now or hereafter acquire against any Loan Party or any other guarantor that arise from the existence, payment, performance or enforcement of Sponsor Guarantor's obligations under this Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Agents and the Lenders against any Loan Party or any other guarantor or any Collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Loan Party or any other guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security solely on account of such claim, remedy or right, unless and until (a) all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been paid in full (other than unasserted contingent indemnification obligations) and (b) the Termination Date shall have occurred. If any amount shall be paid to Sponsor Guarantor in violation of the immediately preceding sentence at any time prior to the date on which all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been paid in full (other than unasserted contingent indemnification obligations) and the Termination Date, such amount shall be held in trust for the benefit of the Agents and the Lenders and shall forthwith be paid to the Agents and the Lenders, to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of this Guaranty and the Financing Agreement, or to be held as Collateral for any Guaranteed Obligations or other amounts payable under this Guaranty thereafter arising. The Collateral

Agent, by its acceptance hereof, agrees that it shall hold all Collateral as agent for the Sponsor Guarantor as security for the repayment of any amounts paid by the Sponsor Guarantor hereunder. If (i) Sponsor Guarantor shall make payment to the Agents and the Lenders, of all or any part of the Guaranteed Obligations, (ii) all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall be paid in full (other than unasserted contingent indemnification obligations) and (iii) the Termination Date shall have occurred, the Agents and the Lenders will, at Sponsor Guarantor's request and expense, execute and deliver to Sponsor Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence (A) the transfer by subrogation to Sponsor Guarantor of an interest in the Guaranteed Obligations resulting from the payment by Sponsor Guarantor and (B) the transfer of the Agents' and the Lenders' security interest in the Collateral to Sponsor Guarantor.

SECTION 6. The Sponsor Guarantor's Subordination of Rights to the Agents and the Lenders.

(a) In the event that the Sponsor Guarantor should for any reason (i) advance or lend monies to any Loan Party which funds are used by such Loan Party to make payment or payments in respect of the Obligations, (ii) make any payment for and on behalf of any Loan Party in respect of the Guaranteed Obligations, or (iii) make any payment to any Agent or any Lender in total or partial satisfaction of the Sponsor Guarantor's obligations and liabilities hereunder, the Sponsor Guarantor hereby agrees that any and all rights that the Sponsor Guarantor may have or acquire to collect or to be reimbursed by any Loan Party (or by any other obligor, guarantor, endorser or surety of the Obligations), whether the Sponsor Guarantor's rights of collection or reimbursement arise by way of subrogation to the rights of any Agent or any Lender or otherwise, shall in all respects be subordinate, inferior and junior to the Agents' and the Lenders' rights to collect and enforce payment, performance and satisfaction of the Obligations then remaining, until such time as the Obligations are fully paid and satisfied (other than unasserted contingent indemnification obligations).

(b) The Sponsor Guarantor further agrees to refrain from attempting to collect and/or enforce any of the Sponsor Guarantor's aforesaid rights against any Loan Party (or any other obligor, guarantor, endorser or surety of the Obligations), arising by way of subrogation or otherwise, until such time as the Obligations then remaining in favor of the Agents and the Lenders are fully paid and satisfied.

(c) In the event that the Sponsor Guarantor should for any reason whatsoever receive any payment or payments from any Loan Party (or any other obligor, guarantor, endorser or surety of the Obligations) on any such amount or amounts that such Loan Party (or such a third party) may owe to the Sponsor Guarantor for any of the reasons stated above, the Sponsor Guarantor agrees to accept such payment or payments for and on behalf of the Agents and the Lenders, advising such Loan Party (or the third party payee) of such a fact, and the Sponsor Guarantor unconditionally agrees to immediately deliver such funds to the Agents and the Lenders, with such funds being held by the Sponsor Guarantor during any interim period, in trust for the Agents and the Lenders.

SECTION 7. Representations, Warranties and Covenants. Sponsor Guarantor hereby represents and warrants to the Agents and the Lenders as follows:

(a) [Each of H&W, L. Catterton and LAG Fit (i) is a limited partnership], duly organized, validly existing and in good standing under the laws of [Delaware], (ii) has all requisite power and authority to conduct its business as now conducted and as presently contemplated and to execute and deliver this Guaranty, and to consummate the transactions contemplated hereby and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary except to the extent failure to be so qualified would not reasonably be expected to have a material adverse effect on Sponsor Guarantor, its business or its ability to perform its obligations under this Guaranty.

(b) The execution, delivery and performance by Sponsor Guarantor of this Guaranty (i) has been duly authorized by all necessary action on the part of Sponsor Guarantor, (ii) does not and will not contravene its governing agreement, or any applicable law or any material contractual restriction binding on or otherwise affecting Sponsor Guarantor or any of its properties, (iii) does not and will not result in or require the creation of any Lien upon or with respect to any of its properties, and (iv) does not and will not result in any default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to its operations or any of its properties, which in the case of clause (iv) could not reasonably be expected to have a material adverse effect upon Sponsor Guarantor.

(c) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required in connection with the due execution, delivery and performance by Sponsor Guarantor of this Guaranty except, those which have been obtained on or prior to the date hereof.

(d) This Guaranty, when executed and delivered, will be, a legal, valid and binding obligation of Sponsor Guarantor, enforceable against Sponsor Guarantor in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally or general equitable principles relating to enforceability.

(e) There is no pending or, to the knowledge of Sponsor Guarantor, threatened action, suit or proceeding affecting Sponsor Guarantor or its properties before any court or other Governmental Authority or any arbitrator that (A) if adversely determined, could reasonably be expected to have a material adverse effect upon Sponsor Guarantor, its business or its ability to perform its obligations under this Guaranty or (B) relates to this Guaranty or the Financing Agreement or any transaction contemplated hereby or thereby.

(f) Sponsor Guarantor (i) has read and understands the terms and conditions of the Financing Agreement and the other Loan Documents, and (ii) now has and will continue to have independent means of obtaining information concerning the affairs, financial condition and business of the Borrowers and the other Loan Parties, and has no need of, or right to obtain from any Agent or any Lender, any credit or other information concerning the affairs, financial condition or business of the Borrowers or the other Loan Parties that may come under the control of any Agent or any Lender.

(g) [Reserved].

(h) Except with respect to Sponsor Guarantor's potential liability for Enforcement Costs and its contingent obligations under Section 11 below, the aggregate amount of guarantees made by Sponsor Guarantor and outstanding on the date hereof does not exceed the aggregate unfunded capital commitments of the partners of Sponsor Guarantor.

(i) Upon receipt of written notice from any Agent of a demand for payment under this Guaranty made in accordance with Section 2, Sponsor Guarantor shall promptly demand that the partners of the Sponsor Guarantor fund their pro rata portion of their unfunded capital commitments (in an aggregate amount equal to the amount demanded under this Guaranty) within 15 Business Days of receipt of such notice from such Agent in an aggregate amount equal to such payment demand made by such Agent.

(j) For so long as this Guaranty shall remain in effect, the Sponsor Guarantor shall deliver to the Collateral Agent, no later than thirty (30) days following the completion of each fiscal quarter

(the "Quarterly Reporting Date"), a certificate signed by an authorized officer of the Sponsor Guarantor, certifying that except with respect to Sponsor Guarantor's potential liability for Enforcement Costs or its contingent obligations under Section 11 below, the aggregate amount of guarantees made by Sponsor Guarantor and outstanding on such Quarterly Reporting Date does not exceed the unfunded capital commitments of the partners of Sponsor Guarantor on such Quarterly Reporting Date.

SECTION 8. Notices, Etc. All notices and other communications provided for hereunder shall be given in accordance with the notice provisions of Section 12.01 of the Financing Agreement.

SECTION 9. GOVERNING LAW; CONSENT TO JURISDICTION; SERVICE OF PROCESS AND VENUE; WAIVER OF JURY TRIAL, ETC. In addition to and without limitation of any of the foregoing, this Agreement shall be deemed to be a Loan Document and shall otherwise be subject to all of terms and conditions contained in Sections 12.09, 12.10 and 12.11 of the Financing Agreement, *mutatis mutandis*.

SECTION 10. [Reserved].

SECTION 11. Taxes.

(a) All payments made by the Sponsor Guarantor hereunder or under any other Loan Document shall be made in accordance with Sections 2.08 and 4.02 of the Financing Agreement, *mutatis mutandis*, and shall be made without set-off, counterclaim, deduction or other defense. All such payments shall be made free and clear of and without deduction for any present or future Taxes. If the Sponsor Guarantor shall be required to deduct or to withhold any Taxes from or in respect of any amount payable hereunder or under any other Loan Document,

(i) the amount so payable shall be increased to the extent necessary so that after making all required deductions and withholdings (including Taxes on amounts payable to the Agents and the Lenders pursuant to this sentence) the Agents and the Lenders receive an amount equal to the sum they would have received had no such deduction or withholding been made,

(ii) the Sponsor Guarantor shall make such deduction or withholding,

(iii) the Sponsor Guarantor shall pay the full amount deducted or withheld to the relevant taxation authority in accordance with applicable law, and

(iv) as promptly as possible thereafter, the Sponsor Guarantor shall send the Agents and the Lenders an official receipt (or, if an official receipt is not available, such other documentation as shall be satisfactory to the Agents and the Lenders) showing payment. In addition, the Sponsor Guarantor agrees to pay any present or future taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery, performance, recordation or filing of, or otherwise with respect to, this Guaranty or any other Loan Document, other than Other Taxes.

(b) The Sponsor Guarantor hereby indemnifies and agrees to hold the Agents and the Lenders harmless from and against Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 11) paid by any Agent or any Lender in connection herewith and any liability (including, without limitation, penalties, interest and expenses for nonpayment, late payment or otherwise) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be paid within 30 days from the date on which any Agent or any Lender makes written demand therefor, which demand shall identify in reasonable detail the nature and amount of Taxes or Other Taxes.

(c) If the Sponsor Guarantor fails to perform any of its obligations under this Section 11, the Sponsor Guarantor shall indemnify the Agents and the Lenders for any taxes, interest or penalties that may become payable as a result of any such failure. The obligations of the Sponsor Guarantor under this Section 11 shall survive the termination of this Guaranty and the payment of the Guaranteed Obligations and all other amounts payable hereunder.

SECTION 12. Miscellaneous.

(a) Sponsor Guarantor will make each payment hereunder in lawful money of the United States of America and in immediately available funds to the Collateral Agent, for the benefit of the Agents and the Lenders, at such address specified by the Agent from time to time in writing by notice to Sponsor Guarantor.

(b) No amendment or waiver of any provision of this Guaranty and no consent to any departure by Sponsor Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by Sponsor Guarantor and the Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(c) No failure on the part of any Agent or any Lender to exercise, and no delay in exercising, any right hereunder or under the Financing Agreement or any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder or under the Financing Agreement or any other Loan Document preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of the Agents and the Lenders provided herein and in the Financing Agreement or any other Loan Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of the Agents and the Lenders under the Financing Agreement or any other Loan Document against any party thereto are not conditional or contingent on any attempt by the Agents and the Lenders to exercise any of their rights under the Financing Agreement or any other Loan Document against such party or against any other Person.

(d) Any provision of this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

(e) This Guaranty shall (i) be binding on Sponsor Guarantor and its successors and assigns, and (ii) inure, together with all rights and remedies of the Agents and the Lenders hereunder, to the benefit of the Agents and the Lenders and their respective successors, transferees and assigns. Any Agent and any Lender may assign or otherwise transfer its rights and obligations under the Financing Agreement, or any other Loan Document to any other Person, and such other Person shall thereupon become vested with all of the benefits in respect thereof granted to such Agent or such Lender herein or otherwise. None of the rights or obligations of Sponsor Guarantor hereunder may be assigned or otherwise transferred without the prior written consent of the Collateral Agent, and any such assignment without the prior consent of the Collateral Agent shall be null and void, except that the Sponsor Guarantor may assign any of its rights or obligations hereunder to any of its affiliates; *provided* that any such assignment shall not relieve the Sponsor Guarantor of its obligations hereunder.

(f) This Guaranty and the other Loan Documents reflect the entire understanding of the parties with respect to the transactions contemplated hereby and thereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.

(g) Section headings herein are included for convenience of reference only and shall not constitute a part of this Guaranty for any other purpose.

(h) Delivery of an executed signature page of this Guaranty by facsimile, PDF or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Guaranty; provided that Sponsor Guarantor also shall promptly deliver an original executed counterpart of this Guaranty but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Guaranty.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Sponsor Guarantor has caused this Guaranty to be executed by an officer thereunto duly authorized, as of the date first above written.

H&W INVESTCO L.P.

By: _____
Name:
Title:

[L. CATTERTON]

By: _____
Name:
Title:

[LAG FIT LLC]

By: _____
Name:
Title:

Schedule 1

Sponsor Guarantor	Applicable Share
H&W Investco L.P.	65.2%
L. Catterton	20.7%
LAG Fit LLC	14.1%